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# RECORD OF FOUR YEARS

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## SOME CHAPTERS

FROM THE

## HISTORY

OF THE

## LAURIER

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# GOVERNMENT.

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*The* EDITH and LORNE PIERCE  
COLLECTION *of* CANADIANA



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## PREFACE.

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The Laurier Government has been four years in office. Within a few months it must ask the people of Canada for their verdict. It is hoped that the statement of facts set forth in the following pages may assist the reader to reach a just conclusion. The general review of the financial and fiscal policy of the administration, and the examination of the course of the Government in regard to some of the more important public transactions of the past four years, is a plain and fair statement of the essential facts, without further argument or appeal than the record itself furnishes. This record is given largely in the language of the Ministers themselves, and in extracts from public documents. References given with the quotations will enable the reader in most cases to verify them for himself.

"The story of the party in power and of the Government of this country is the story of a party who glorify the Federation they did their utmost to obstruct.

"It is the story of a party, who, having failed to defeat the construction of the Canadian Pacific Railway, now boast, of what they have achieved for the country.

"It is the story of a party, that after the denunciation of protection, have adopted it as their policy.

"It is the story of a party who pledged themselves to secure reciprocal trade between England and Canada, and afterwards declared that they did not want that policy adopted.

"It is the story of a party who have violated every pledge they gave to the country when seeking power.

"It is the story of a party who avowed the policy of promoting trade with the Mother Country and so changed the tariff as to cause a diminution of the imports of England in three years of 3.90 per cent., and an increase of imports from the United States of 40.37 per cent. in the same period.

"It is the story of a party who opposed sending a Canadian contingent to aid England in South Africa until forced by their opponents to do so, and now claim the entire credit to themselves.

"It is the story of a party who opposed every measure that has caused the great development and prosperity of Canada and now attempt to reap where they had not sown."

—Sir Charles Tupper, in Parliament, March 30, 1900.

## INTRODUCTORY.

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The Laurier Government came into power in 1896 under more fortunate circumstances and with greater opportunities than ever before surrounded a new Canadian administration. A period of world-wide financial and industrial depression had reached its end, and in all countries commerce and industry were springing into new life after the time of stagnation.

Canada had felt the bad years in common with other countries, but thanks to prudent administration, and to a sound fiscal system, excellent banking laws, and to the caution and sagacity of Canadian business men, the Dominion had come through the crisis with fewer disasters and less damage to her credit than other countries. The strength of our financial institutions, and the stability of our industrial system was everywhere a subject of favourable comment, and it was remarked by the financial authorities of New York and London that Canada was the one bright spot in an otherwise dark picture.

The revival of trade, the increased demand for commodities, the rise in values, which had set in before the change of Government, have continued during the last four years. The rush of capital to the gold fields of the Kootenay, and of Western Ontario, which had begun before 1886, did not cease. Sensational discoveries of gold in the Yukon added another attractive field for investment and enterprise. Canadian farmers have had three successive years of good crops, while the increased mineral output, the revival of European demand following a period of enforced economy abroad, swelled enormously the volume of exports and increased the purchasing power of the country. At the same time the increased demand at home, after a period of contraction and short production, and accompanied by the restoration of high import prices, has swelled the volume and increased much more the value of imports. With customs duties based on values the revenue from taxation has increased enormously, giving the Government, on the present scale of duties, more money than is required for prudent, or even reasonably generous, administration.

These circumstances offered to the new Government the greatest

opportunity that Canadian history has afforded to redeem the pledges of tariff reform and reduction of customs duties, and to reduce the nation's indebtedness.

Coming into power after eighteen years of Opposition, with a Cabinet composed of men most of whom had never before held office in a Federal Government, Sir Wilfrid Laurier was in a singularly happy position for effecting such legislative and administrative reforms as he and his colleagues desired to establish. The Ministers of Finance and Customs, the heads of the large spending departments of Railways and Public Works, the Minister of the Interior, with the great west under his charge, the Minister of Militia, the Postmaster-General, the Minister of Marine and Fisheries and the Minister of Agriculture, were all new to official life at Ottawa. They had all demanded reforms and pointed out the various extravagances and other evils in the system of Government. Hampered by no traditions, restricted by no precedents, they were free to deal with any evils and weaknesses that might have been developed in a long period of administration by one party, and were in a position to introduce such reform in law and custom as they deemed good.

Sir Wilfrid Laurier had the greatest chance since Confederation of simplifying the machinery of Government, reducing its cost, and giving effect to the numerous pledges which he and his comrades had made during the previous years, and particularly those set forth in that somewhat obsolete document the Ottawa Liberal Convention platform. The following pages cover only in a small part the career of the Government, but they will assist to a fair understanding of the way in which the Ministers have not made use of these opportunities.

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## CHAPTER I.

# TARIFF POLICY.

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### A RECORD OF BROKEN PLEDGES.

It is well-known that for a score of years previous to the change of Government, the question of protection or free trade was the chief issue between the two political parties. The party now led by the Premier of Canada always proclaimed itself to be an anti-protection or free trade party. The leaders gave at different times a different name to their creed. Sometimes it was free trade pure and simple, sometimes it was commercial union, sometimes continental free trade, sometimes a revenue tariff, sometimes free trade as it is in England; but always it was opposed to protection. The leaders of the party have forgotten to keep their pledges and are trying to make the people forget that they made them. For this reason it is necessary to refer to the acknowledged creed of the Liberal party as found in the platform adopted in the Convention of 1893. In these resolutions, which were moved by the present Finance Minister, we find the following declaration:

#### TARIFF REFORM AS IT WAS PROMISED.

"That the customs tariff of the Dominion should be based, not as it is now, upon the protective principle, but upon the demands of the public service."

Then follows a fearful arraignment of the existing tariff, which is accused of having

"developed monopolies, trusts and combines,"

"decreased the value of farms and other property,"

"oppressed the masses to the enrichment of the few,"

"discriminated against Great Britain,"

"and occasioned great public and private injury."

After this indictment the party pledges itself "to the removal of this obstacle," and declares

"that the tariff should be reduced to the needs of honest, economical and efficient government, that it should be so adjusted as to make free or bear as lightly as possible upon the necessities of life and should be so arranged as to promote freer trade with the whole world."

Proceeding the resolution states that "the issue between the two parties is now clearly defined." It closes with these words:

"We denounce the principle of protection as radically unsound, unjust to the masses of the people, and we declare our conviction that any tariff changes based on that principle must fail to afford any satisfactory relief to the troubles under which the country labours."

Here is the distinct statement that protection will be abolished.

and that the Liberal tariff will be based on the opposite principle. If further evidence is required, the following brief extracts may be given:

Sir Wilfrid Laurier—"If the Liberals are successful they will cut off the head of protection at once, and trample on the body."

Sir Richard Cartwright—"Our policy is death to protection. Our policy from first to last has been to destroy this villainous system of protection which has been grinding out the vitals of this country."

Sir Louis Davies—"We have been attacking this policy year by year. This is an accursed system, a system accursed, by God and man."

Hon. Wm. Paterson, to the Ottawa Convention—"You declare for freedom of trade against restrictions of trade."

### HOW THE PLEDGE WAS KEPT.

Let us now see how these pledges have been redeemed. The following table shows in what degree the tariff has been "reduced to the needs of honest Government." It gives the percentage of customs taxes levied on goods entered for consumption during the years mentioned. (Trade and Navigation tables, 1899, page 7):

|        |    |    |    |    |    |    |    |       |     |       |
|--------|----|----|----|----|----|----|----|-------|-----|-------|
| 1852-5 | .. | .. | .. | .. | .. | .. | .. | 17.38 | per | cent. |
| 1893-4 | .. | .. | .. | .. | .. | .. | .. | 17.13 | per | cent. |
| 1894-5 | .. | .. | .. | .. | .. | .. | .. | 16.99 | per | cent. |
| 1895-6 | .. | .. | .. | .. | .. | .. | .. | 18.28 | per | cent. |
| 1896-7 | .. | .. | .. | .. | .. | .. | .. | 17.87 | per | cent. |
| 1897-8 | .. | .. | .. | .. | .. | .. | .. | 16.95 | per | cent. |
| 1898-9 | .. | .. | .. | .. | .. | .. | .. | 16.70 | per | cent. |

The percentages are as worked out by the Government officers. If allowance is made for free corn, which figures as imports for consumption, and is really shipped to Great Britain, the percentage in 1899 would be 17.33 per cent.

It will be seen that while there are slight variations there is no serious reduction in the percentage of customs taxes. As the imports have immensely increased, and as large additions were made to the excise taxes, there was ample opportunity to cut down the average rate of customs duties. This was done by Mr. Foster in 1891, when the imports had so increased. The result of the abolition of the sugar duties in that year was that the average rate of customs duty was reduced from 20.06 per cent. to 17.56, a cut of 2.5 per cent. at one stroke, while Mr. Fielding, notwithstanding the great increase in imports, and with all the help he has got from excise duties, does not, in his most boastful moments, even pretend to have reduced the duty so much in the whole four years during which he has been "reforming" the tariff. A glance at the above table will show that the percentage of customs taxation, which under the circumstances might have been greatly reduced and still have left ample revenue for economical administration, was practically the same in 1898 as in 1895, and was last year, when allowance is made for corn not consumed in Canada, something higher than the year in which the Ottawa Convention was held. At the same time the Government added enough to the excise duties to have relieved the customs taxes by more than one per cent. On the one article of tobacco, which many people regard as a necessary of life, the excise duty has been increased 14 cents a pound, adding so much to the price of tobacco in common use and turning an extra million and more into the treasury.

# THE BURDENS OF THE PEOPLE.

As to the protective principle Mr. Fielding practically abandoned the party platform and his own alleged principles when he made his budget speech in 1897. In introducing the present tariff he then announced that it was not the intention of the Government "to propose any great reduction in the tariff as applied to those countries which are not disposed to trade with us."

The tariff announcement carried out this statement. The declaration of the party and its leaders have led the people to believe that there would be a great reduction in the duty on such articles of common use as coal, coal oil, boots and shoes, agricultural implements, farm machinery, cotton goods and woollen goods. The country had been told of cotton combines, farm implement combines, of the coal barons, of the sugar trusts and of the oil monopolies. The following comparison between the Foster tariff and Mr. Fielding's tariff as applied to some of these articles, will show how far the present Government has relieved the necessities of life.

|                          | Foster Tariff.               | Fielding Tariff. |
|--------------------------|------------------------------|------------------|
| Farm Machinery .. ..     | 20 per cent. .. ..           | 20 per cent.     |
| Soft Coal .. ..          | 60c. per ton .. ..           | 53c. per ton.    |
| Burning Oil .. ..        | 6c. per gal. .. ..           | 5c. per gal.     |
| Boots and Shoes .. ..    | 25 per cent. .. ..           | 25 per cent.     |
| Manufactures of Brass .. | 30 per cent. .. ..           | 30 per cent.     |
| Carpets .. ..            | 25 and 30 per cent.          | 35 per cent.     |
| Grey Cottons .. ..       | 22½ per cent. .. ..          | 25 per cent.     |
| White Cottons .. ..      | 25 per cent. .. ..           | 25 per cent.     |
| Printed Cottons .. ..    | 30 per cent. .. ..           | 35 per cent.     |
| Sewing Cotton .. ..      | 12½ per cent. .. ..          | 15 per cent.     |
| Woollen Cloth .. ..      | 5c. per lb. and 25 per cent. | 35 per cent.     |

The list can be continued to show that no reduction has taken place in the general tariff, and that where changes were made in respect to goods which are largely imported from Great Britain the duties were increased. It will be shown later that this was done in order to take away the advantage that the preferential clause would otherwise have given to the mother country.

As to the effect of the Fielding tariff on Canadian conditions, it may be said that the people of Canada are paying to-day, higher prices for every necessary of life than they paid in 1893 or in 1896.

Every monopoly, trust and combination that existed in 1893 is still in active operation, and several others, much more injurious in their effects, having been called into existence.

The party which promised to make coal oil free has reduced the duty by one cent only, and at the same time aided the transfer of the oil production of Canada to the control of a foreign monopoly which has raised the price to the people, "oppressed the masses to the enrichment of the few," and taken in one year an extra million dollars and more out of the people.

## PUBLIC EXPENDITURE.

## ECONOMY AS PROMISED.

In the political history of Canada the cost of the ordinary public service has been one of the accepted tests of the capacity and character of the men in office. It has been agreed that the money of the people should not be wasted and that the Cabinet and the heads of departments should expend no more than is necessary for efficient service. The Laurier Government came into power protesting that its predecessors were extravagant and that the cost of administration was enormously larger than it ought to be. The present Minister of Justice publicly declared that the Liberals, if they were given a chance, would govern the country for five millions a year less than the late Government was spending, and Sir Wilfrid Laurier, speaking in Toronto just before the 1896 elections, supported the claim advanced by Mr. Mills. The platform of the Liberal party adopted at the Ottawa Convention of 1893 made this declaration.

"We cannot but view with alarm the large increase of the public debt and the controllable annual expenditure of the Dominion, and the consequent undue taxation of the people under the Government that has been continuously in power since 1878, and we demand the strictest economy in the administration of the government of the country."

It is not necessary to quote further the declarations of the party leaders who are now Ministers. These protests and their promises are well-known. The Ministers do not themselves deny that they came into power pledged to reduce the expenditure, to prevent further increase in the national debt, and to cut down the taxes of the people. Let us see how these promises have been kept. At the same time we may compare the financial record of the two parties. Thus we may learn which is the more capable of administering a financial trust, and whether our present rulers have kept faith with the people who have entrusted them with power.

## ECONOMY AS PERFORMED.

The Ottawa Convention was held in 1893. The current expenditure on consolidated fund account, which the party viewed with alarm and which was denounced in the strongest terms by Hon. W. S. Fielding, who is now the Finance Minister of Canada, was less than thirty-seven millions. It was still less than that figure three years later when the change of Government took place. The Laurier Government has been in power for four years and instead of reducing the outlay by

five millions these reformers have increased it by more than six millions. This is proved by the following statement (See Public Accounts for 1899, page XVa.)

**UNDER LIBERAL CONSERVATIVE GOVERNMENT.**

|         |         |               |
|---------|---------|---------------|
| 1892-93 | .. .. . | \$ 36,814,052 |
| 1893-94 | .. .. . | 37,585,025    |
| 1894-95 | .. .. . | 38,132,005    |
| 1895-96 | .. .. . | 36,949,142    |

**UNDER THE PRESENT ADMINISTRATION.**

|           |                                 |               |
|-----------|---------------------------------|---------------|
| 1896-97   | .. .. .                         | \$ 38,349,759 |
| 1897-98   | .. .. .                         | 38,832,525    |
| 1898-99   | .. .. .                         | 41,903,500    |
| 1899-1900 | .. .. . Mr. Fielding's estimate | 43,175,000    |

Of the current fiscal year the expenditure for eleven month is made up and shows an increase of \$1,121,630 over the corresponding ten months of last year. Adopting the estimate of Mr. Fielding's budget speech, which has in previous years been below the mark, we shall have a current expenditure for this year of \$43,175,000.

The expenditure for the despatch of troops to Africa is charged to capital so that it does not affect this comparison. We have therefore an increase of a good deal over a million dollars for the current year as compared with the last year reported, and a total current expenditure of more than forty-three millions, by statesmen who viewed with alarm a current outlay of less than thirty-seven millions, and who promised to reduce it to thirty-two millions.

Under the head then of the cost of governing the country we find that this ministry has been vastly more extravagant than any other Government that has been, and that it has utterly disregarded its pledges of retrenchment and has broken faith with the electorate.

**CAPITAL EXPENDITURE INCREASED.**

The figures given above apply only to current account. Judging by the speeches at the Ottawa Convention and the declarations made before and afterwards, the party and its leaders also viewed the capital expenditure "with alarm." Now it is an interesting fact that the capital expenditure in 1893, the year of the Ottawa Convention, was less than half the outlay on the same account during the year which closed last June. Here is a statement of the payments on capital account, exclusive of railway subsidies, during the four years before and the four years after the change of Government (Public Accounts of 1899, page XVa.)

**BEFORE THE CHANGE.**

|         |         |              |
|---------|---------|--------------|
| 1892-93 | .. .. . | \$ 3,088,317 |
| 1893-94 | .. .. . | 3,862,969    |
| 1894-95 | .. .. . | 3,030,490    |
| 1895-96 | .. .. . | 3,781,311    |

**AFTER THE CHANGE.**

|           |                                 |              |
|-----------|---------------------------------|--------------|
| 1896-97   | .. .. .                         | \$ 3,523,160 |
| 1897-98   | .. .. .                         | 4,143,503    |
| 1898-99   | .. .. .                         | 5,936,342    |
| 1899-1900 | .. .. . Mr. Fielding's estimate | 9,875,000    |

### A STARTLING COMPARISON.

The total disbursements for all purposes, including railway subsidies, in the last year of Liberal Conservative rule, were \$41,702,383, (excluding a book-keeping entry for North Shore Railway subsidy, \$2,394,000, belonging to 1884).

The total disbursements last year were \$51,542,635.

The total disbursements of the current year are placed by the Finance Minister at \$53,050,000.

From the above series of figures it will be seen that there is an increase in the annual current expenditure since the change of Government until the end of last year of \$4,954,358, or \$4.66 for every family of five in Canada.

There is an increase in the total annual disbursements since the change of Government until last year, of \$9,840,252, or about \$7.90 for each family in Canada.

The increase in the year 1899-1900 over 1896 is \$10,908,255, or \$10 per family of five.

This is the amount that the people of Canada pay every year, either in the way of taxes or increased debt, for the privilege of having a Government pledged to cut down expenditure. We shall see later how much of this is paid by extra taxes.

It is contended by supporters of the Government that this is a growing time and that the increased expenditure is the result of increased trade and the development of the Yukon and other new territory. But this does not account for increases in the cost of administration of justice, of civil government, of the Indian Department, of penitentiaries, of pensions, of superannuations, of the collection of customs revenues, which items go a long way towards the additional charge on the people (See Public Accounts, 1899, page LIV. to LVIII. See also Appendix.)

### THE INCREASE OF DEBT.

Another thing which the Liberal party, assembled at Ottawa in 1893, "viewed with alarm," was the large and increasing debt of Canada. When the Laurier Government came into power pledged to reduce the debt, or at least to prevent its farther increase, the net debt was \$258,497,432.

In three years the party which viewed this liability with alarm had added \$7,776,014 to the alarming burden, so that in June, 1899, it had reached \$266,273,446.

### WHAT THE PEOPLE PAY.

It has been shown what the Government has spent and what the Government has borrowed. After having ascertained how the money goes it is natural to enquire how the money comes. Less than two years ago Mr. Tarte explained how it was that the Government, of which he is perhaps the most influential member, was able to spend so much money. "We spend more," he said, "because we make more." The way Governments make money is to tax it out of the people by customs and excise duties, and it will be shown that Mr. Tarte is quite correct in his statement. The Liberal party recognized the connec-

tion between large expenditure and burdensome taxation when it viewed with alarm the increase of expenditure "and the consequent undue taxation of the people."

From the two sources of customs and excise duties the late Government raised less than twenty-eight million dollars in the last year of Mr. Foster's control of the Finance Department. In the year 1899-1900, the amount so collected will be at least ten million larger. This would be an astonishing increase in a Government that had come into power pledged to increase the taxes of the people to the highest point. It is almost an incredible record for an administration which had entered into a solemn understanding to reduce the taxes. Let the figures from the Public Accounts speak for themselves.

#### THE BURDEN OF TAXATION.

The following statement shows the amount collected from customs and excise taxes in the last three years of the Liberal-Conservative rule, and in the three years during which the taxation has been levied by the politicians who were frightened at the Tory taxes. (See Public Accounts, 1899, page LI., for excise; and Trade and Navigation Tables, 1899, page 6, for customs.)

#### LIBERAL CONSERVATIVE TAXES.

|               | Customs.     | Excise.     | Total.       |
|---------------|--------------|-------------|--------------|
| 1893-94 .. .. | \$19,379,822 | \$8,381,088 | \$27,760,910 |
| 1894-95 .. .. | 17,887,269   | 7,805,732   | 25,693,001   |
| 1895-96 .. .. | 20,219,037   | 7,926,005   | 28,145,042   |

#### LIBERAL TAXES.

|               | Customs.     | Excise.     | Total.       |
|---------------|--------------|-------------|--------------|
| 1896-97 .. .. | \$19,891,996 | \$9,170,378 | \$29,072,374 |
| 1897-98 .. .. | 22,157,788   | 7,871,562   | 30,029,350   |
| 1898-99 .. .. | 25,734,228   | 9,641,227   | 35,375,455   |

Comparing 1896 with 1899 we have the following:—

|                                   |              |
|-----------------------------------|--------------|
| Increase in Customs taxes .. .. . | \$ 5,515,191 |
| Increase in Excise taxes .. .. .  | 1,715,222    |
| Total increase of taxes .. .. .   | 7,230,413    |

Taking the Government estimate of population, the people of Canada paid per head in taxes as follows: (Trade and Navigation Tables, 1899, page 7.)

| Year.           | Customs. | Excise. | Total.  |
|-----------------|----------|---------|---------|
| 1895-96 .. .. . | \$ 3.94  | \$ 1.54 | \$ 5.48 |
| 1896-97 .. .. . | 3.83     | 1.77    | 5.60    |
| 1897-98 .. .. . | 4.22     | 1.50    | 5.72    |
| 1898-99 .. .. . | 4.84     | 1.80    | 6.64    |

This is an increase of 90 cents per head or \$4.50 for each family of five in customs duties, and of 26 cents or \$1.30 for each family in excise taxes. It makes a total increase of \$1.16 per head or \$5.80 per family in annual taxes, over and above the rate which our present Ministers viewed "with alarm" a few short years ago.

But so far from allowing themselves to be frightened by this increase they have gone on to make the matter worse. The customs and excise revenue for the first ten months of the current fiscal

year show an increase of \$3,062,777 over the same portion of last year. If this increase holds for the remaining two months, the amount of taxes for the current year will be \$39,051,787, or \$7.26 per head.

That is to say, the people of Canada are now taxed at the rate of \$1.78 per head, or \$8.90 per family more than in 1896. As we have the authority of the Premier and his friends for viewing with alarm the taxation of \$5.51 on each man, woman and child in Canada, we should consider with at least some anxiety a taxation one-third larger and still increasing.

### CHAPTER III.

## THE ALLEGED PREFERENCE.

### UNITED STATES PREFERRED TO BRITAIN.

The Ministers and their supporters claim that they have given a tariff preference to Great Britain. Before going into the history of this feature of the tariff it is worth while to examine the tariff itself and see how far it prefers the mother country to other nations and particularly the United States. It has already been shown that the Fielding tariff increases the duty on many articles. A careful examination of the list will prove that these increases are mainly in manufactures chiefly imported from Great Britain. On the other hand the principal reductions are made in iron and steel in early stages of manufacture. This class of goods is almost wholly imported from the United States. The principal articles added to the free list are binder twine, wire and corn, all of which are procured from the United States and not from England. Having thus arranged matters the Finance Minister was able to take off a quarter of the duty from British goods without giving Great Britain more advantage than she had before as compared with the United States.

The following table shows the percentage of customs duties collected on imports from the United States and Great Britain during the past ten years. It is based on the total merchandise imports for consumption. (The percentages are made up by the Trade and Commerce Department and given in the Trade and Commerce Report of 1899, page 15.)

| Year.        | Average Duty on<br>British Goods. | Average Duty<br>on U.S. Goods. |
|--------------|-----------------------------------|--------------------------------|
| 1890 .. .. . | 22.13                             | 15.82                          |
| 1891 .. .. . | 21.69                             | 14.86                          |
| 1892 .. .. . | 22.10                             | 15.10                          |
| 1893 .. .. . | 22.33                             | 14.50                          |
| 1894 .. .. . | 22.26                             | 13.72                          |
| 1895 .. .. . | 22.56                             | 13.75                          |
| 1896 .. .. . | 22.42                             | 14.51                          |
| 1897 .. .. . | 21.11                             | 14.29                          |
| 1898 .. .. . | 20.75                             | 13.29                          |
| 1899 .. .. . | 19.84                             | 13.24                          |

This table shows that the imports from Great Britain in 1899, paid within a fraction of 20 per cent. duties and that the reduction as compared with 1896 was not one-quarter, but only one-eighth. It also shows that there was a corresponding reduction in the average duty on goods imported from the United States.

Let us now see whether as a result of the Fielding tariff the course of trade has been changed. It is claimed by the Government that in consequence of the discrimination in favour of England we are now importing more goods from that country than in 1896. If the imports from Great Britain had increased while those from other countries fell off; or had increased more rapidly than those from other countries, the argument might stand. Unfortunately the purchases made by Canada from Great Britain have increased less than those made from any other foreign country except China and Japan. This is shown by the following table. (Trade and Navigation Tables, 1899, page 5.)

|                       | 1896       | 1899       | Percentage of Increase. |
|-----------------------|------------|------------|-------------------------|
| Great Britain .. ..   | 32,979,742 | 37,060,123 | 12½                     |
| United States .. ..   | 58,574,024 | 93,007,166 | 59                      |
| France .. .. .        | 2,810,942  | 3,889,295  | 38                      |
| Germany .. .. .       | 5,931,459  | 7,393,456  | 24                      |
| Spain .. .. .         | 361,778    | 534,482    | 48                      |
| Portugal .. .. .      | 45,596     | 63,296     | 39                      |
| Italy .. .. .         | 230,917    | 395,599    | 71                      |
| Holland .. .. .       | 299,852    | 500,393    | 67                      |
| Belgium .. .. .       | 920,758    | 2,318,723  | 151                     |
| South America .. ..   | 567,027    | 1,175,584  | 107                     |
| Switzerland .. .. .   | 332,120    | 568,768    | 71                      |
| China and Japan .. .. | 2,671,418  | 2,769,499  | 4                       |
| West Indies .. .. .   | 1,896,426  | 1,354,939  | 30 decrease             |
| Newfoundland .. .. .  | 551,412    | 527,006    | 4 decrease.             |

This table shows at a glance the fallacy of the claim that the Fielding tariff has increased the imports from England by reason of the preference clauses. It happens, probably for the first time in the history of our trade, that every one of the European countries with which we do business has gained more Canadian business by the revival of trade than our own mother country. The greatest gain of all in the aggregate sales to Canada was made by the United States, which sold us fourteen million dollars more than in 1898, and thirty-one million dollars more than any other previous year in our history. We bought from that country thirty-four millions more than in 1896, thirty-nine millions more than in 1895, forty millions more than in 1894, and thirty-nine millions more than in the average of the last five years.

Our imports from Great Britain for Canadian use were, it is true, four and a half millions more than in 1898 and four millions more than in 1896, but this is very small compared with the gain in Canadian trade made by the United States. And we find that our imports from Great Britain for consumption were two millions less last year than in 1894, six millions less than 1893, four millions less than in 1892, five millions less than in 1891, and six millions less than in 1890. So far back as 1883 we imported from Great Britain fifteen millions more than in 1899, though at that time we purchased from the United States thirty-seven millions less than in 1899.

In the last year of the Liberal-Conservative Government we purchased as follows:—

|                                       |               |
|---------------------------------------|---------------|
| From the United States .. .. .        | \$ 58,574,024 |
| From Great Britain .. .. .            | 32,979,742    |
| Excess from the United States .. .. . | \$ 25,594,282 |

In 1899 we purchased,

|                                       |               |
|---------------------------------------|---------------|
| From the United States .. .. .        | \$ 93,007,166 |
| From Great Britain .. .. .            | 37,060,123    |
| Excess from the United States .. .. . | \$ 55,947,043 |

In the face of these figures it is absurd for anyone to claim that the Fielding tariff has increased our purchases from Great Britain at the expense of other countries. The character of the tariff itself made it impossible that it should do so, and the returns of trade go to show that if it had any effect at all it was in the opposite direction.

It has been mentioned that the free list has been greatly extended in goods imported from the United States. As a matter of fact more than half the goods from that country are now admitted free of duty, as is shown by the following statement for 1899:—

|                                           |               |
|-------------------------------------------|---------------|
| Free Goods from the United States .. .. . | \$ 48,535,342 |
| Dutiable Goods .. .. .                    | 44,471,824    |
| Excess of free over dutiable .. .. .      | \$ 4,063,518  |

The following table in regard to imports from Great Britain in the same year tells another story.

|                                       |               |
|---------------------------------------|---------------|
| Free Goods from Great Britain .. .. . | \$ 9,538,615  |
| Dutiable Goods .. .. .                | \$27,521,508  |
| Excess of dutiable over free .. .. .  | \$ 17,981,893 |

It will be seen that only one-quarter of the goods imported from Great Britain come in free under the Fielding tariff, while more than half of those from the United States pay no duty. (Trade and Navigation Tables, 1899, page 163.)

It is fair to say that the nature of the goods imported from the United States is such, that more free goods would probably come in from the United States under any tariff except a strictly revenue tariff, but it is a significant fact that the present Government has largely extended the free list on United States goods and scarcely at all on British goods.

This is shown by the following statement:—

|                                                       |               |
|-------------------------------------------------------|---------------|
| British goods admitted free in 1896 .. .. .           | \$ 8,613,563  |
| British goods admitted free in 1899 .. .. .           | 9,538,615     |
| Increase under Fielding tariff .. .. .                | \$ 925,052    |
| United States goods admitted free in 1896 .. .. .     | \$ 29,452,378 |
| United States goods admitted free in 1899 .. .. .     | 48,533,342    |
| Increase under Fielding tariff .. .. .                | \$ 19,060,964 |
| Increased free imports from Great Britain .. .. .     | 11 per cent.  |
| Increased free imports from the United States .. .. . | 65 per cent.  |

For every dollar's worth of Canadian goods sold to the United

States in 1899, we bought from the United States, goods for home use to the value of two dollars and seven cents.

For every dollar's worth of Canadian goods sold to Great Britain in 1899, we bought from Great Britain goods to the value of only thirty-seven cents.

These facts show whether Mr. Fielding has given us a British tariff or a United States tariff.

## CHAPTER IV.

# PREFERENCE BY ACCIDENT.

### HISTORY OF THE FIELDING TARIFF PREFERENCE.

Notwithstanding the fact that the preferential tariff, so-called, has so far brought no useful results in the way of increased trade between Canada and the mother country, and though the concessions made to Great Britain are on the whole less valuable than those made to the United States, it is still the boast of the Premier and the Finance Minister that their Government has been the first to establish this bond of unity within the Empire. But the fact is that the Ministers did not contemplate such a preference and did not give it until their own blunders forced them to that position.

### NOT A BRITISH TARIFF.

The so-called preference tariff of 1897 was not a preferential tariff, but a general tariff of reciprocity. It applied equally to all countries, British and foreign.

It gave Great Britain no preference that was not given to every other country which had as low a tariff as Canada. Great Britain was not even mentioned in the preferential clause. The act speaks for itself, and the explanation of the Finance Minister and his chief legal adviser in the Commons makes the proof complete. The clause reads:—

"That when the customs tariff of any country admits the products of Canada on terms which, on the whole, are as favourable to Canada as the terms of the reciprocal tariff herein referred to, are to the countries to which it may apply, articles which are the growth, produce or manufacture of such country, when imported direct therefrom, may then be imported direct into Canada, or taken out of warehouse for consumption therein, at the reduced rates of duty provided in the reciprocal tariff set forth in Schedule D."

### MR. FIELDING'S TESTIMONY.

It will be seen that the preference was given, not to Great Britain nor to the British Empire, but to all countries that could qualify by their own tariff. In his budget speech introducing the measure Mr. Fielding said: (Hansard 1897, page 1131.)

"We do not by our resolution offer anything to Great Britain alone. We recognize the fact that Great Britain by her liberal policy is in a position to avail herself of this offer immediately, but we make our offer not to Great Britain only, but to every nation that is prepared to accept it. We make it to every country that is willing to establish fair and reasonable trade relations with Canada."

### SIR LOUIS SAYS THE SAME.

In the same session speaking on the same question, Sir Louis Davies at the close of an elaborate legal argument on the question said, after reading the tariff clause: (Hansard, 1897, page 2874.)

"There is no differential rates of duty proposed there. There is no preferential rates of duty enacted there in favour of any one country withheld from another. All trading countries are placed on the same footing by that resolution. \* \* \* I say that this resolution neither discriminates nor differentiates. It attaches no terms which are not common to Great Britain and to all countries."

#### RUDYARD KIPLING SAW THE POINT.

It was in recognition of the fact that the Fielding tariff gave no preference to Great Britain, but held out equal terms to all countries that the poem, "Our Lady of the Snows," was written by Rudyard Kipling. His idea of the main feature of this measure is given in the couplet:—

"I favour those who favour me,  
Said Our Lady of the Snows."

The whole legal argument on the question of the Belgian and German treaties was based on the fact that Canada did not favour Great Britain, but only favoured those countries, British and foreign, whose tariff might favour Canada.

#### A SERIES OF BLUNDERS.

It is a long story to tell how the preference was brought into its present position. After the Belgian and German treaties were got out of the way, there still remained the most favoured nation treaties which made it impossible to discriminate between countries which favoured Canada and countries which did not. After making orders-of-council and cancelling them, after collecting duties and refunding them, after seeking for escape first in one direction and then in another, the Government was assisted out of the difficulty by Mr. Chamberlain, and discovered that the abandonment of all preferences outside of the Empire was the only possible way out of the difficulties in which the country had become involved.

Sir Louis Davies, who had insisted that the tariff of 1897 would stand the test of international law, and who had ridiculed the arguments of Sir Charles Tupper and his followers to the contrary, went over to England to argue that the original scheme did not give a preference to England over foreign countries. This contention was sound, but it was not sufficient to save the measure. The argument that the treaties did not apply to Canada was hardly deemed worthy of attention, and it was only when the position of the Canadian Government was found to be an impossible one that the general scheme of placing British and foreign countries on a level was abandoned. In the first year under the original measure, almost every country in Europe, and out of it, no matter how high its tariff, got its goods into Canada under the preference.

#### THESE COUNTRIES GOT THE PREFERENCE.

Following are among the foreign countries which had the same preference as Great Britain under the Fielding tariff of 1897: (Hansard, 1898, page 3142.)

Belgium, Germany, France, Netherlands, Austria-Hungary, Denmark, Russia, Sweden and Norway, Switzerland, Spain, Japan, Persia, Algiers, French Colonies, Tunis, Liberia, Morocco, Transvaal, Argentine, Bolivia, Colombia, Venezuela and Salvador.

## SIR WILFRID AND PREFERENTIAL TRADE.

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### THE PREMIER'S FOUR CHANGES OF POLICY.

For some years previous to the elections of 1891 Sir Wilfrid Laurier, Sir Richard Cartwright and the Liberal party generally, were advocating the policy of commercial union and continental free trade. In those years the leaders and their party were committed to a policy, not of preference to Great Britain, but of discrimination against Great Britain. Sir Richard Cartwright distinctly stated that the policy which he and his friends advocated would favour the United States at the expense of England, by placing American products on the free list and imposing a tariff on British goods. He accepted the consequences, declaring that Canada owed nothing to England except forgiveness. In the election of 1891 the people of Canada emphatically condemned this policy.

While our present rulers were working on these lines, the Liberal-Conservatives had accepted as part of their creed, the idea of preferential trade within the Empire, with discrimination against foreign countries. This theory was advocated in England by Sir Charles Tupper, then High Commissioner, and in Canada by Sir John Thompson, when he was Premier, by Sir Mackenzie Bowell, when he was Premier, and by Mr. Foster, when he was Finance Minister. It found expression in the following resolution adopted by the Canadian House of Commons in the session of 1892, on the motion of A. McNeill, M.P. :—

“That if and when the Parliament of Great Britain and Ireland admits Canadian products to the markets of the United Kingdom upon more favourable terms than it accords to the products of foreign countries, the Parliament of Canada will be prepared to accord corresponding advantages by a reduction in the duties it imposes upon British manufactured goods.”

This resolution was adopted April 25th, 1892, by a vote of 97 to 63, Sir Wilfrid Laurier and his party voting in a body, first for an amendment, and afterwards against the main motion.

### IMPERIAL OPINION.

The adoption of this resolution made a strong impression in Great Britain and was followed by discussions in the British Chambers of Commerce where the idea had strong support.

In 1894 the colonial conference met at Ottawa and the subject was discussed by delegates from Great Britain, Australia, New Zealand and South Africa. The conference, on the motion of Mr. Foster, adopted this resolution :—

“That this conference records its belief in the advisability of a customs

arrangement between Great Britain and her colonies by which trade within the Empire may be placed on more favourable footing than that which is carried on with foreign countries."

A fresh impetus was given the movement by this action, and within the next two years Mr. Chamberlain, then and now Secretary of State for the Colonies, and the Duke of Devonshire made important deliverances. Lord Salisbury had taken occasion to suggest that the British policy of free trade was not destined to be a permanent obstacle to an Imperial trade arrangement.

Mr. Chamberlain, addressing the Congress of Chambers of Commerce went so far as to state that in his opinion such a Zollverein was possible, even though it should include British taxes on articles of food. His opinion was that if such an arrangement could be accomplished by Great Britain imposing a tax on corn, meat, wool and sugar, "it would not be met by blank refusal by the people of this country," that is by the British people.

Addressing the Canada Club, Mr. Chamberlain went still farther in holding out the hope of a possible preferential arrangement by which the products of the colony would be admitted to Great Britain on more favourable terms than those of foreign countries.

#### SIR WILFRID'S CONVERSION.

Meanwhile an election was approaching in Canada and Sir Wilfrid Laurier, finding the Imperial trade idea popular, began to trim his sails to the breeze. Before election day of 1896 he was a full-fledged advocate of the policy which Sir Charles Tupper and the Conservative party had brought to the front, in the face of the Liberal party's opposition.

In May Sir Wilfrid Laurier made this declaration:—

"My hope is—nay, my conviction is—that on the 23rd of June the Liberal party will be at the head of the polls; and then it will be the Liberal party, with its policy of a revenue tariff, that will send commissioners to London to arrange for a basis of preferential trade."

Sir Wilfrid was not then recommending or promising the one-sided preference of which he is now so proud. It was a preference for Canadian goods in the British market which his commissioners were to seek. This is made clear by another campaign speech made about this time by Sir Wilfrid in London, Ontario, when he went into particulars. He then declared that he was as much in favour of a mutual preference as Sir Charles Tupper was, and that he was in a better position to obtain it. That was one reason why he asked the people to support him.

Under this policy Sir Wilfrid said:—

"We would have for our goods a preference which would not be given to the goods of another nation."

And then to show the advantage of this policy Sir Wilfrid went on:

"What would be the possibility of such a step if it was taken? We sell our goods in England. We send our wheat, our butter, our cheese, all our natural products, but there we have to compete with similar products from

the United States, from Russia and from other nations. Just see what a great advantage it would be to Canada if the wheat, cheese and butter, which we would send to England should be met in England with a preference over similar products of other nations. The possibilities are immense."

#### THE PREMIER QUOTES CHAMBERLAIN.

It has been said that there is nothing in the speeches of Chamberlain or Devonshire to justify the claim that Canada could have obtained a preference, but it was on these statements of the Imperial Ministers that Sir Wilfrid Laurier relied when he made these campaign appeals. In the same speech he said:—

"That practical statesman, Mr. Joseph Chamberlain, has come to the conclusion that the time has come when it is possible to have within the bounds of the Empire a new step taken which will give to the colonies and England a preference for their products over the products of other nations."

With Mr. Chamberlain's speeches before him Sir Wilfrid Laurier then declared that it would not be necessary to admit British goods free in order to get this preference. For he went on to say:—

"England does not expect that we should take her own system of free trade, such as she has it, but I lay it before you that the thing the English people would expect in return is, that instead of a principle of protection, we would adopt the revenue form of tariff, pure and simple. These are the conditions on which we can have that boon."

And on another occasion Sir Wilfrid declared:—

"I would be in a far better position to obtain this boon (a preference for Canadian goods in the British market) for Canada than Sir Charles Tupper because his is a protective tariff, whereas mine is a revenue tariff, pure and simple, and Mr. Chamberlain says that is all that is necessary in order to obtain it."

So here we have the distinct assurance from Sir Wilfrid Laurier that Mr. Chamberlain proposed a preference to Canada on the basis of a revenue tariff, and that the revenue tariff was a policy of the Liberal party. We have also his statement and that of his Finance Minister that the tariff of 1897 was a revenue tariff, and we have the promise of Sir Wilfrid that when his party got into power they would send commissioners to London to arrange for preferential trade on that basis.

#### THE PREMIER BREAKS HIS PROMISE.

Sir Wilfrid did not send commissioners to London, but he did what ought to have been better—went himself. Now let us see how he arranged for a preference to Canadian goods.

The Premier of Canada was met in Liverpool by the Duke of Devonshire, who made a speech inviting proposals from the colonies in regard to Imperial trade arrangements. Here was Sir Wilfrid met more than half way, and the greatest opportunity ever offered to a colonial Premier was given to him. Not only was he permitted at once to give effect to his promise to seek for preferential trade, but he was cordially invited to open negotiations. The Premiers of Victoria and of New Zealand seem to have accepted the invitation to bring forward their views and the former replied at once that if "fair

terms could be secured we will be only too willing to enter into that bargain."

And then the Premier of Canada was heard from. To the astonishment of his Canadian friends, who remembered his promise, to the astonishment of the Imperial Ministers, who remembered the attitude of Canada, and knew that the Dominion had been first and most active of all colonies in advocating a preferential arrangement, Sir Wilfrid declared against it. He told the Imperial Ministry and the Home Government that Canada wanted no preference for her exports. He said:—

"I claim for the present Government of Canada that they have passed a resolution by which the products of Great Britain are admitted on the rate of their tariff at 12½ per cent. and next year at 25 per cent. reduction. This we have done not asking any compensation."

**"PLEASE DON'T GIVE CANADA A PREFERENCE."**

The Premier went on to say, in apparent disregard of his own speeches a few months before in Canada:—

"There is a class of our fellow-citizens who ask that such concessions should be made for a quid pro quo. The Canadian Government has ignored all such sentiment. We have done it because we owe a debt of gratitude to Great Britain. We have done it because it was no intention of ours to disturb in any way the system of free trade which has done so much for England."

And again Sir Wilfrid Laurier says:—

"What we give you by our tariff we give you in gratitude for the splendid freedom under which we have prospered. It is a free gift. We ask no compensation. Protection has been the curse of Canada. We would not see you come under its baneful influence, for what weakens you must weaken us."

While Sir Wilfrid Laurier was declaring that Canada had given England a preference, his colleagues were asserting that no preference had been given to England.

While he was assuring the Home Government that Canada did not desire England to impose taxes on foreign goods he must have remembered that Canada had just that desire, and that he himself had expressed it, appealed for votes on the strength of it, and promised to press their demands in London.

**SORRY HE COULDN'T GET IT.**

A few months more and Sir Wilfrid was in Canada again making this astonishing declaration:—

"Certainly, if I thought I could have obtained for my country, for the products of Canada, preferential treatment in the markets of Great Britain, I would not only have been wanting in patriotism, but I would have been wanting in reason. I simply would have been an idiot, if I had failed to obtain such preference."

And yet while in London Sir Wilfrid Laurier received a medal from the Cobden Club on two grounds.

First, that he did not ask for preferential treatment for Canada.

Second, because he did not give preferential treatment to England.

Here are Lord Farrar's words, spoken as he pinned on the medal:—

"You ask for no preferential treatment. You take yourselves as large a step in the direction of free trade as your present circumstances will permit, and you desire to treat the rest of the world as you treat us."

#### A DEVIOUS COURSE.

Summing up, we find that Sir Wilfrid Laurier and his friends were from 1887 to 1892, advocates of commercial union, continental union, or some other form of union involving a preference to the United States and discrimination against Great Britain.

In 1892 Sir Wilfrid and his party were advocates of unrestricted reciprocity with the United States, still involving a discrimination against Great Britain, and in that year they voted against an Imperial preference.

In 1896, before the election, Sir Wilfrid was an ardent advocate of a mutual Imperial preference, contending that Chamberlain had offered the colonies such a preference on terms which he could accept, and promising if supported, to send a delegation to London to obtain it.

In 1897 the Premier was in London begging the British statesmen not to offer Canada a preference, and solemnly assuring them that Canada did not want it.

In the same year he received a medal from the Cobden Club as a reward for refusing either to give a preference to Britain or to accept one from Britain.

In 1898 he was back in Canada declaring that it was unfortunately impossible to get a preference in Great Britain, and that he would have obtained it if he could.

#### NO CHANGE HERE.

Meanwhile the Liberal Conservative policy remains what it was in 1887, in 1892 and in 1896. It is the same as the Imperial trade policy adopted in 1894 by a large body of Chambers of Commerce of the Empire, and favoured by the leading Colonial Governments and Legislatures of the Empire. In accordance with that policy Sir Charles Tupper's amendment, moved in the session of 1900, and voted down by the Government majority, is on the same lines as the motion adopted in 1892. The amendment reads:—

"That the House is of the opinion that a system of mutual trade preference between Great Britain and Ireland and the colonies would greatly stimulate increased production in and commerce between these countries, and would thus promote and maintain the unity of the Empire; and that no measure of preference which falls short of the complete realization of such a policy should be considered final or satisfactory."

## CHAPTER V.

# THE ABANDONED PLATFORM.

### RECIPROCITY WITH THE UNITED STATES.

In 1888, the party led by Sir Wilfrid Laurier, and largely managed at that time by politicians and adventurers in the United States, adopted the platform of commercial union. This policy, as explained by its advocates, meant absolute free trade between the United States and Canada, and the adoption by Canada of the same tariff against Great Britain and other countries as then prevailed, or should afterwards be established in the United States. If this programme had been successful, the control of the Canadian tariff and revenue would have been transferred to Washington, and the United States producers would have captured whatever market Great Britain has in this country.

Before the election of 1891 the Liberal party leaders thought it advisable to give a new name to the policy and called it unrestricted reciprocity, with continental free trade as an alternative title. The platform was still so hostile to Great Britain, and so offensive to loyal Canadians, that it drove the Hon. Edward Blake from the ranks of the party.

The anti-British character of the party policy did not then trouble Sir Wilfrid Laurier, Sir Richard Cartwright and Sir Louis Davies, who were the principal spokesmen of the party at the time, and who are now Ministers of the Crown. It was in 1888 that this resolution was proposed in the House and supported by the whole party:—

"That it is further expedient that the Government of the Dominion should take steps at an early day to ascertain on what terms and conditions arrangements can be effected with the United States for the purpose of securing full and unrestricted reciprocity of trade therewith."

### NOT ALLEGIANCE BUT BUSINESS.

In support of this policy Sir Wilfrid Laurier indicated his attitude toward the Empire by the following sample statements: (Hansard, 1892.)

"While they commit the mistake of basing their trade policy upon uniformity of allegiance and mere sentiment, we of the Liberal party maintain that the policy of this country must be based, not upon sentiment, but upon business principles. And fresh as we come from the people, I say that the only policy which will benefit this country is unrestricted reciprocity and continental freedom of trade. It is absurd to suppose that, situated as we are, the interests of Canada will always be identical with the interests of Great Britain. Some day must come when these interests will clash, and whatever the honourable gentleman may be, for my part whenever it comes

to that, and however I may regret the necessity, I will stand by my native land. I, for one, when I made up my mind in favour of this policy of unrestricted reciprocity, looked first and last to the interests of Canada and not to the interests of England. Let the British subject who sits in the British Parliament look after the interests of England. I do not believe in the principles of the United Empire Trade League, for the reason that that scheme limits trade to allegiance. It proposes to make allegiance the basis of trade, whilst we desire to make trade interests alone the basis of trade. Our duty is to Canada and not to England. Just as the British Government teaches this Government that the first duty of the British Government is to England and not to Canada, so I insist that in all these matters, it is for any self-governing colony to look to its own interests, first, last and always."

It would be easy to find much stronger utterances than these in some of the Premier's speeches in this country, or in Boston, but this is given as one of many declarations made by Sir Wilfrid in his place in Parliament and corrected for the press by himself. The Premier cannot say that in this case he was misreported.

#### WE OWE NOTHING TO ENGLAND.

The following are extracts from a speech in Parliament by Sir Richard Cartwright: (Hansard, 1888, page 156.)

"It is perfectly apparent that we cannot hope to obtain free intercourse and unrestricted reciprocity with them without discriminating against the goods of other countries, unless and until the United States are prepared to go in for free trade with all the world, in which case our proposition would not be necessary. The thing, I grant is the essence of the bargain."

But Sir Richard was not afraid of an anti-British tariff. He held then that Canada owed nothing to the mother country. Here are his words:—

"I do not think, for my part, that we are under any deep debt of gratitude to English statesmen, that we owe them much, unless, perchance, it may be the duty, as Christian men, to forgive them the atrocious blunders which have marked every treaty, or transaction, or negotiation that they have ever had with the United States where the interests of Canada were concerned, from the days of Benjamin Franklin to this hour, not excepting the first or second treaty of Washington. I say there is no man here who does not know that from the very first hour when the United Empire Loyalists took possession of Ontario and held it for the British Crown, down to the year 1888, there never has been a time except, perhaps, the short paroxysm of the American civil war, when our people could not have greatly benefited their material interests by throwing in their lot with the people on the other side."

Sir Louis Davies took the same position. He asked:—

"Is the fact that you are going to discriminate against Britain to stop you from negotiating altogether? Are we to legislate in the interests of Canada or of the English exporter?"

#### NOTHING ELSE CAN SAVE US.

As to the necessity of the policy strong statements were made.

Sir Richard Cartwright:—

"Who does not know that for an immense number of the products of the people of this country, the United States is not merely the best market, but substantially the only market? \* \* \* \* \* I contend that for almost everything which our farmers have to sell, the United States, if only we had free and unrestricted trade with them, would afford us absolutely the best market; and I contend further, besides being the best

market, it is literally the only market for a great many important articles which we produce. \* \* \* \* That the United States market, if it were only made free, is worth more than twice over to Canada than of all the rest of the world put together."

It was probably this conviction which led Sir Wilfrid to declare in Parliament, in 1891:—

"Now, sir, we are agitating and we have agitated this policy of unrestricted reciprocity, because we believe that it is in the best interests of the country, and not because we love England less, but because we love Canada more. I have again and again affirmed, for my part, that I am as fondly attached to British institutions as any man of English blood, but I have never hesitated to say, and I again repeat, that whether for ill or for good, whether for my condemnation or my justification, whether for right or for wrong, as long as there is in me the breath of life, my guiding star and my only guiding star, shall be: Canada first, Canada last, and Canada for ever."

### THEY COULD GET IT TOO.

In those times the Ministers of to-day were absolutely certain that they could obtain reciprocity with the greatest possible ease. The following declarations were all made as late as 1892.

Sir Louis Davies said:—

"This result can be obtained by those whose hearts are in the business. It is quite possible for the honest man who goes to the United States; it is quite possible for the honest man with a sincere desire to negotiate a fair treaty, to negotiate one in a very short time."

The present Minister of Agriculture (Mr. Fisher):—

"If my leader comes into power it would not be a rash prediction to say that within six months from that day, by the scratch of the pen, a treaty of reciprocity would be put in force between Canada and the United States."

The Minister of Justice (Mr. Mills):—

"If the honourable gentlemen on this side of the House cross to the Treasury benches, I can promise there will be no difficulty in establishing trade with the neighbouring republic."

After the Ottawa Convention, which endorsed freer trade with the United States, the leaders still spoke in the same sense, and still predicted that their advent to power would give us the United States market. They denounced the late Government for failure to negotiate with success and expressed their complete confidence in their own powers.

### HOW THEY DID NOT DO IT.

When the party came into power it had an opportunity to justify its claims and predictions. In due time negotiations began, and the Ministers who had been the most positive in their forecasts were the ones who went to Washington. Sir Wilfrid Laurier, Sir Richard Cartwright and Sir Louis Davies were made commissioners, and in order to ensure success they took with them Mr. Charlton, who is sometimes known as "the member from Michigan."

But before going into negotiations the Government did an extraordinary thing. Canada had certain commercial advantages to offer the United States as the price of their market. The United States

farmers were anxious to obtain a market in Canada for their corn. The iron and steel men were anxious for lower duties on their products. The oil combine and the binder twine combine were desirous of obtaining entrance to the Canadian market. It was not good Canadian policy to make these concessions, and certainly it was very unwise to make them without return at a time when we were seeking concessions from the United States. But happily for our neighbours in the Republic and unfortunately for this country, these markets were handed over without return and without regard to the negotiations then pending. Mr. Charlton put in a protest at the time to the free admission of the corn, partly on the ground that it was injurious to the Canadian farmer, but particularly because it was bad diplomacy. Mr. Charlton said:—

"I hold that to give the Americans free admission for their corn is granting them a concession to which they are not entitled. I hold that we ought to retain corn in the dutiable list until we can get some consideration from the United States in return. I know that the American farmers of the west hold our market for their corn as an important one, and I know that in the great majority of cases they will say to us: We will not object to giving you free admission of hay, free admission of barley, in some cases, if you will give us free admission of corn."

#### WHAT WE GAVE FOR NOTHING.

But corn was made free and the imports free of duty last year for Canadian use amounted to 7,000,000 bushels, which at the present rates of duty would have paid \$525,000, or more than is collected by the United States on all the farm products which we send to that country. While the imports of corn are yearly increasing United States duties on Canadian products of the farm have remained as they were before.

The Government made binder twine free, and transferred the control of the Canadian markets to the agents of the United States combine, whereby the price of twine was increased and the Canadian industry injured.

A change in the oil regulations handed over to the Rockefeller combination the absolute control of the Canadian market, and ultimately of the whole Canadian industry and production, increasing the price of oil to the Canadian consumer, and adding some millions a year to the profits of the United States monopoly. The Government reduced the duty on United States iron and steel, which were the chief reductions in the tariff of 1897. This concession has been worth a small fortune to the Carnegies, and other United States producers.

Further concessions were made in coasting privileges which are not reciprocal. The Government interposed to prevent the operation of the Canadian Alien Labour Act, while the United States law against Canadians continues to be in force.

Under these circumstances, having given away about all there was to give, the Canadian Ministers and the other Commissioners set about negotiations. For six months they talked in Quebec and Washington, and after spending over \$34,000 of Canadian money, they separated, not having settled a single point in dispute, and not having made the

slightest approach to a treaty of commerce. It was announced then that the Commissioners would meet again and renew negotiations, but for the past year and a half it has been taken for granted that the negotiations are over and that absolutely nothing has come of it. The latest declaration we have from our Prime Minister is the following:—

"The feeling of Canada to-day is not in favour of reciprocity. There was a time when Canadians, beginning with myself, would have given anything to obtain the American market. \* \* \* ' But, thank Heaven, those days are past and over now."

## CHAPTER VI.

# CANADA AND SOUTH AFRICA.

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### HOW THE PREMIER KEPT CANADA IN THE REAR OF THE PROCESSION.

Canadian people are proud of the record of the soldiers from the Dominion who have served in South Africa, though they are not surprised at it. The loyal enthusiasm of the people of the Dominion which forced the Government to offer these troops, and to pay for their organization and transportation, will not soon be forgotten by those Ministers who attempted to resist it. In the brilliant history of this movement, the one unpleasant chapter is connected with the attitude of the Canadian Government in the early days of October. The history of the conversion of the Premier from an attitude of opposition to one of acquiescence has some secret chapters. That part which is known and is a matter of record is briefly sketched in the following pages:—

#### ONLY SYMPATHY.

In the session of 1899, both Houses of the Canadian Parliament, on the motion of the Premier and the Minister of Justice, supported by the Opposition leader, unanimously adopted a resolution of sympathy with the Imperial authorities in their efforts to obtain justice for her Majesty's subjects in the Transvaal. Shortly before, Colonel Hughes, M.P., had urged that an offer of troops be made by Canada. This had already been done by the colony of Queensland. Sir Wilfrid did not consent and expressed the hope that there would be no war. Sir Charles Tupper expressed the same hope, but pointed out that an offer of troops from the colonies might have the effect of strengthening the hands of Great Britain and securing immunity from war. No offer of troops by the Government was made, but various private offers from Canadian officers were sent in August and September to the War Office.

#### OTHER COLONIES TO THE FRONT.

On the 9th of July the Governor of Queensland sent a despatch to Mr. Chamberlain offering the services of 250 mounted infantry with machine guns. Queensland is a colony which had 460,000 population in 1895, or not more than that of Nova Scotia. Mr. Chamberlain replied at once stating that her Majesty's Government highly appreciated the loyal and patriotic offer, and would gladly avail themselves of it, if the occasion arose. On the 12th of July the Governor of Victoria telegraphed that offers had been received from volunteers for service in South Africa, and a fortnight later the telegram was

acknowledged, with the promise that the offer would be considered if the occasion required. There was further communication in September from Victoria as to the formation of a united Australian force.

On the 17th of July Mr. Chamberlain received an offer of 300 men from the Resident of the Federated Malay States, but the High Commissioner objected because the men might be needed as a part of the Singapore garrison, and Mr. Chamberlain thanked the colony for the spirit which prompted the offer, while stating that her Majesty's Government did not expect to be in a position to avail themselves of the assistance.

On the same day the Legislative Council of Lagos, a colony smaller in size and less in population than Prince Edward Island, offered 300 troops for South Africa. Mr. Chamberlain telegraphed his high appreciation, but did not anticipate that the Government would be able on the present occasion to avail themselves of their assistance. He evidently thought that these men would be needed in their own little colony.

On July 22nd Mr. Chamberlain had a despatch from the Governor of New South Wales stating that the Premier had received offers from 1,860 men, and Mr. Chamberlain replied that if necessity arose the offer would be considered.

During all this time the Canadian Parliament was in session and ready to support any offer that the Government might make, but the Premier made none.

Hong Kong was heard from on September 21st, offering 50 volunteers. The offer was appreciated, but was not accepted.

On September 22nd, Queensland again asked whether the offer of the Government to send a contingent would be accepted.

On September 28th the Governor of New Zealand telegraphed that the Legislature had passed a resolution offering a contingent of mounted rifles. The Government offered to provide, equip and despatch a force of two full companies at short notice. The colony offered to transport the men and to pay them. Mr. Chamberlain gave the usual reply.

#### OUR SILENT GOVERNMENT.

This brings us down to October 3rd, at which time Canada alone of the important colonies had not been heard from through its Government. Two years before the Premier of Canada had moved at the head of the Colonial procession at the Jubilee, as he had a right to do since he was Premier of the greatest colony of the Empire. At that time he had spoken of the loyalty of Canada and of its willingness to go to the help of the Empire in time of need. But when the emergency arose, and the Australian Colonies, New Zealand, and even the little Crown colonies around the coast of Asia, were tendering, through their Governments, offers of troops, the Canadian Government was silent. Private offers of assistance from Canada did not reach Mr. Chamberlain through the Dominion Government, but were made direct to the War Office, or through the General Commanding.

one colonel explaining that he had taken this course in order to be sure that the offer would reach its destination.

Now we come to an important date. On the 3rd of October Mr. Chamberlain sent to Canada, at the same time that a similar message was sent to the Australian colonies which had offered troops, a telegram furnishing information to assist the organization of a force for South Africa, and stating the conditions upon which the Imperial Government would accept the offers. The telegram sent to Canada contained one sentence at the end which is not found in the messages to Queensland, New Zealand, South Australia, New South Wales and Victoria. After stating the terms and explaining the plan of organization, the telegram to the Governor-General of Canada added: "Inform accordingly all who have offered to raise volunteers." As the other offers came from the colonial Governments Canada had a monopoly of this clause in the despatches. Mr. Chamberlain could not accept an offer from the Canadian Government because the Government had not made one.

Keeping in mind that Mr. Chamberlain's message was dated October 3rd, we now turn to review the situation in Canada. By this time the feeling in favour of a Government offer of a contingent fully equipped and paid by the Dominion, had strongly manifested itself.

#### THE PREMIER ANNOUNCES HIS REFUSAL.

On October 4th the Toronto Globe in its Ottawa correspondence, contained a statement from the Premier, designed to check this enthusiasm, and to explain and defend the refusal of the Government to comply with the demand. The statement was of course made the day before, which happened to be the same day that Mr. Chamberlain's message was sent to Canada.

Sir Wilfrid made his statement to the correspondent of the Globe, who wrote as follows:—

"There exists a great deal of misconception in this country regarding the powers of the Government in the present case," said Sir Wilfrid. "As I understand the Militia Act, and I may say that I have given it some study of late, our volunteers are enrolled to be used in the defence of the Dominion. They are Canadian troops to be used to fight for Canada's defence. Perhaps the most widespread misapprehension is that they cannot be sent out of Canada. To my mind it is clear that cases might arise when they might be sent to a foreign land to fight. To postulate a case; suppose that Spain should declare war upon Great Britain. Spain has, or had, a navy and that navy might be being got ready to assail Canada as part of the Empire. Sometimes the best method of defending one's self is to attack, and in that case Canadian soldiers might certainly be sent to Spain. The case of the South African Republic is not analagous. There is no menace to Canada, and, although we may be willing to contribute troops, I do not see how we can do so. Then, again, how could we do so without Parliament's granting us the money? We simply could not do anything. In other words, we should have to summon Parliament. The Government of Canada is restricted in its powers. It is responsible to Parliament, and it can do very little without the permission of Parliament. There is no doubt as to the attitude of the Government on all questions that mean menace to British interests, but in this present case our limitations are very clearly defined. And so it is that we have not offered a Canadian contingent to the home authorities. The Militia Department duly transmitted individual offers to the Imperial Government,

and the reply from the War Office, as published in Saturday's 'Globe,' shows their attitude on the question. As to Canada's furnishing a contingent, the Government has not discussed the question, for the reasons which I have stated—reasons which, I think, must easily be understood by everyone who understands the constitutional law on the question."

Speaking three months later, Mr. Tarte explained what his own feelings were at the time. He said:—

"When I read in the cables from the other side that the Secretary of State for the Colonies had issued a circular inviting the colonies to send troops to South Africa, I will frankly admit that I did not feel any very strong inclination to comply with his wishes.

#### THE OPPOSITION LEADER SPEAKS.

These deliverances state the feelings and intentions of the Premier and of that colleague of his who is supposed to have the most influence over him. But the attempt of the Prime Minister to suppress the loyal movement that was growing stronger day by day proved a failure. One day after Sir Wilfred caused his statement to be published in the *Globe*, Sir Charles Tupper sent a telegram to him from Yarmouth, N.S., and at the same time explained his own attitude at a public meeting there. The following is the message:—

"Yarmouth, N.S., October 5.

"Sir Wilfrid Laurier, Ottawa:

"I hope you will send a contingent of Canadian volunteers to aid England in the Transvaal. I know it will be warmly welcomed by the British Government, be of great service to Canada, and promote the unity of the Empire. A friend of mine will insure the lives and limbs, at his expense, to a million dollars, and I will heartily support in Parliament your action in this matter.

"(Signed) CHARLES TUPPER."

It may be stated here that the insurance arrangement promised was carried out and results in the payment of a thousand dollars to the family of each man of the first contingent who falls in battle or dies of his wounds, with further payments to men who are disabled.

About this time Mr. Foster at a banquet in St. John predicted, amid enthusiastic cheers, that the Government would be obliged to recede from the position taken by the Premier. Other Conservative leaders in other parts of Canada spoke in the same sense. Meanwhile in answer to questions sent out by the *Montreal Star* the Mayors of nearly all the Canadian cities and towns had expressed the opinion that Canada should send a corps to Africa.

#### MR. TARTE OPENS FIRE ON THE LOYALISTS.

All this time Mr. Tarte was carrying on a furious campaign through his newspaper organ in opposition to the loyal movement.

On the 10th of October Mr. Tarte's organ, *La Patrie*, of *Montreal*, vehemently attacked the Conservative party for encouraging the agitation in favour of sending troops to Africa. There had been a Conservative meeting at St. Liboire, where Mr. Taillon, Mr. Bergeron and others had spoken, and *La Patrie*, speaking for Mr. Tarte, said:—

"Not one of the speakers who addressed the meeting at St. Liborie had

the energy to denounce the dangerous policy adopted by the leader of the Conservative party during the last few weeks, namely the participation of Canada in the war of the Transvaal and consequently in all others that might break out in Europe or elsewhere."

After denouncing the French Conservative leaders by name as allies "of the most fanatical and baneful influences that exist in this country," *La Patrie* added:—

"We denounce them in the name of sound public opinion. We ask our fellow citizens to brand them as criminal cowards."

On the same day the same journal asked:—

"What have we to do with the affairs of Africa?

"What interest have we in the Transvaal?"

"Why should we take the money and the blood of ratepayers of this country to squander them in these far-away regions?"

In the same issue *La Patrie* contained a statement signed by Mr. Tarte in which he said:—

"I am in a position to give you the most positive assurance that the Government has not come to any decision relative to the sending of a military corps to the Transvaal. The merits of the dispute between England and the Transvaal are one thing, the interference of Canada in the foreign wars of the Empire is another. It is thought to create a precedent which would have for result the compulsory participation in the future by Canada, in any and all the conflicts which may sweep over Europe and over the various parts of the world in which the large European Governments are interested."

#### COLONIAL LOYALTY.

During this period while the Ministers were trying in vain to head off the patriotic movement, the other colonies were acting with great energy.

On October 3rd Mr. Chamberlain acknowledged the acceptance of the offer of a detachment of New South Wales lancers. These men were then at Aldershot and were the first colonial troops to reach Africa.

On October 5th Western Australia adopted a resolution offering a military force, which offer was accepted the next day.

On October 7th the New Zealand Government announced that the contingent from that colony would sail in less than a fortnight.

On October 9th Tasmania offered a unit and the next day Queensland proposed to send machine guns. Tasmania's offer was accepted the day after it was received.

On October 11th New South Wales offered a field battery and the same day Victoria announced that two units would be embarked on the 28th of October.

On October 13th South Australia announced that one unit would be ready to sail by the 30th.

On the same day New South Wales offered a field hospital and equipment.

All these things happened while the Canadian Government was considering the question and while Mr. Tarte was carrying on his

campaign supporting the Premier's refusal to offer troops, and denouncing the Conservatives for dragging Canada into British wars.

#### AND CANADA WAS LAST.

Finally on October 14th, last of all the colonies, the Canadian Government allowed the Governor-General to offer the first contingent.

It was after this that Mr. Tarte, speaking in St. Vincent de Paul, explaining that the Canadian Government had not made an offer of troops, but that on the request of Mr. Chamberlain, amounting practically to a command, the Government had consented to allow them to go. At the same time he made it public that the Government had imposed "no precedent" conditions on even this concession.

Here are Mr. Tarte's words as reported in his own press:—

"We have consented to what England has asked of us, but in the Order-in-Council which I hold in my hand, and which will be published one of these days, it is said that what we have just done will not be a precedent. The precedent will not be created for me.

"I say therefore, that the Order-in-Council contains these words: 'It is not a precedent,' and it is because these words are in the Order-in-Council, it is because for my part I have asked them, and I say it quite loudly, I say it to the country, that I am denounced as a disloyal man. What I objected to—I say it again, and I cannot say it too frequently—was the creation of a precedent which would have permitted the Secretary of State for the colonies to-morrow, the day after, in a year, or two years, to send us a despatch and say to us: 'I would like some troops.' We consented this time. We did well, but I do not wish that on the next occasion a similar operation be repeated."

Five months afterwards Mr. Tarte was in Paris as Canadian Commissioner to the Exposition. He was interviewed by *Le Journal de Paris*, one of the leading French newspapers, and was represented as saying:—

"Canada has not sent any troops against the Transvaal. It has merely authorized the enrollment of volunteers destined for that expedition. Canada has dressed those volunteers and transported them. This is a very different matter."

#### IN SPITE OF THE GOVERNMENT.

What has happened since October, 1899, is a matter of history. The enthusiasm with which the young men of Canada responded to the call to arms, the energy shown by the late Commander-in-Chief in organizing the force, the popular demand after the first reverses in Africa for the offer of a second contingent, the consent of the Government, this time with less hesitation, though not until the other colonies had made their second offer, the magnificent generosity of Lord Strathcona in sending his corps of Horse, the splendid conduct of all forces in the field—these are incidents in a glorious chapter which the people of Canada will be proud to remember. But while that memory remains the opposition, resistance and delay of the first Minister and some of his colleagues cannot be altogether forgotten or forgiven.

## CHAPTER VII.

# MEMBERS AFTER OFFICE.

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### MR. MULOCK AND THE INDEPENDENCE OF PARLIAMENT.

When Sir Wilfrid Laurier and his friends were in opposition they were much concerned over the appointment of Conservative members to office. It was their complaint that such appointments, and the expectation of receiving them, made the members no longer free and deprived the people of their representation. Mr. Mulock went so far as to introduce a bill to make it impossible for members of Parliament to receive appointment. In 1896 he moved the second reading of his measure providing that no member of Parliament should be eligible for appointment to any position of emolument in the gift of the Crown, during the life-time of the Parliament of which he should be a member, and until twelve months after the dissolution of that House.

Speaking to this motion the present Postmaster-General delivered himself of these sentiments:—

"Not less than seventeen members chosen by the people were taken from their places in this Parliament and put into positions of emolument. In many of these cases these gentlemen continue to sit here, pretending to represent their constituencies after they had ceased to be free men, after they had ceased to be in the position of discharging their duties to their constituents, and which duty was a permanent obligation imposed upon them. And I am further told—and this is an additional painful statement for me to make—that there are at this moment sitting in this House, a large number of the supporters of the administration who have understandings with the Government, and who have had promises made to them by the Government, that in the near future they would not be called upon to go back to their constituents giving an account of their stewardship, but will be placed in a position of emolument under the Crown."

### MULOCK AND LISTER SHOCKED.

Mr. Mulock went on to show that this state of affairs destroyed the usefulness of Parliament and continued:—

"If the Government of to-day can dangle public offices before their followers, and induce a few, and perhaps an increasing number to aspire to these positions instead of representing their constituents here, and exercising an unbiased judgment and a wholesome influence upon the administration of the day, they become mere parasites upon the administration, and cease to voice the opinion of their constituents. Not only do they do that, but moving among their colleagues, they become as it were, corrupting agencies within their own ranks. \* \* \* \* So it has become in my opinion a crying disgrace and Parliament is cast down from its high position. \* \* \* \* There even a worse evil growing out of this abuse. All through the country the

electorate, noticing these things, are coming to the conclusion that the highest aim a man can have in seeking public life is that he may through Parliament and find his way into a comfortable position for life \* \* \* \* And thus we have coming into public life office seekers, place hunters, instead of those ready to make sacrifice for love of their country." (Hansard, 1886, page 2375.)

Mr. James Lister spoke strongly in support of this motion, saying:—

"I take it no more disgraceful condition of affairs could be imagined than to see a man elected by the people of this country to come here as an independent member and sit session after session voting for the Government after having been given to understand that the reward of his fealty would be his appointment to an office of emolument under the Crown. That is a disgraceful proceeding." (Hansard, 1896, page 2386.)

### PRECEPT VS. PRACTICE.

Within five months after this discussion Sir Wilfrid Laurier was Premier of Canada. Mr. Mulock was in office himself and in a position to carry out the principles which he advocated in the same year. Five sessions have been held and Mr. Mulock has not opened his mouth again on the subject. Scarcely two years had passed away before Mr. Lister was in possession of an office of emolument under the Crown, an office created by an act of Parliament, passed when he was in the House, and while it was a general remark that he was the man who would fill it. While this was common conversation Mr. Lister not only sat and voted, but presided over and controlled the committee of the House which dealt with the Drummond Railway deal, and under his direction brought in a majority report supporting that extraordinary contract.

Mr. Mulock and his colleagues had not been many weeks in office before they had appointed three members of the House to positions of emolument in order to provide seats for three Ministers.

Scarcely had the elections been held when Sir Wilfrid Laurier wrote the following letter to Francois Langelier, M.P. for Quebec, under date of July 8th, 1896:—

"This is what I propose. The position of Lieutenant-Governor will be at our disposition at the end of 1897, and if from now till that time you are not appointed judge, I propose to place the Lieutenant-Governorship at your disposal."

Three days later Sir Wilfrid Laurier wrote to Hon. Charles Langelier, brother of Francois:—

"Tell Francois that I do not wish there should be any misunderstanding. I wish that my promise may be considered sacred."

Within four years after the Laurier Government came into power, he had in his pocket this written promise from the Premier of Canada, of an appointment to one of the highest positions in Canada, and this member sat and voted in the House for two sessions after this promise was given him.

Within four years after the Laurier Government came into

power thirteen members of the House had been provided for with offices of emolument under the Crown. This list includes the following:—

# A PRELIMINARY LIST.

| Name            | Constituency  | Position              | Salary  |
|-----------------|---------------|-----------------------|---------|
| Francis Forbes  | Queens, N. S. | Judge, C. C.          | \$2,000 |
| G. G. King      | Queens, N. B. | Senator               | \$1,000 |
| F. Bechard      | Iberville     | Senator               | \$1,000 |
| M. C. Cameron   | West Huron    | Governor N. W. T.     | \$7,000 |
| J. Lister       | Lambton       | Judge                 | \$5,000 |
| John Yeo        | Prince        | Senator               | \$1,000 |
| J. B. R. Fiset  | Rimouski      | Senator               | \$1,000 |
| C. Beausoleil   | Berthier      | Postmaster            | \$4,000 |
| C. R. Devlin    | Ottawa        | Immigration Agent     | \$2,000 |
| Dr. Rinfret     | Lotbiniere    | Inspector Inland Rev. | \$2,500 |
| Joseph Lavergne | Drummond      | Judge                 | \$4,000 |
| F. Langelier    | Quebec Centre | Judge                 | \$5,000 |
| P. A. Choquette | Montmagny     | Judge                 | \$4,000 |

This is a pretty good list for a Government which is opposed to the appointment of members of Parliament, but it is understood to be only a beginning. A large number of appointments are known to be promised and are only waiting for the end of the Parliamentary term. Meanwhile, as Mr. Mulock would observe, if he were not implicated in the offence, these members are "moving about among their colleagues as corrupting agencies within their own ranks," and persuading the people that the highest aim a man can have in seeking public life is that he may find his way into a comfortable position.

## CHAPTER VIII.

# THE MACHINE.

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### THE WEST HURON AND BROCKVILLE CASES.

The Ministers and the Government press throughout the country have boasted of their success in the bye-elections which have taken place since the defeat of the Conservative party in 1896. The results of many of these elections were surprising to the generality of Liberals and Conservatives alike. Victories were gained which could be accounted for neither by the use of money nor by the popularity of the Government or its candidate. Whenever a constituency, Dominion or provincial, was opened and an election called on, the constituency was immediately raided by a gang of political workers known as the "machine." The gang consisted of men who were generally absolute strangers to the voters, of men without any influence that anyone knew of in the constituency, but it was invariably observed that most mysterious and undreamt of changes were made in the vote in every polling district in which they operated. The secret of the success gradually leaked out, and at last evidence came to the Liberal Conservative leaders, that there existed in the Province of Ontario an organized gang of conspirators whose sole object was to secure the return of Liberal candidates by fraud and ballot stealing. As one of them said on oath, it was "cheaper to steal an election by bribing deputy returning officers to substitute fraudulent ballots for good ones than to carry a constituency by bribery." The most glaring of these nefarious successes were the election of the local candidate McNish in West Elgin, and the elections of the Dominion candidates Mr. Holmes and Mr. Comstock in West Huron and Brockville. The scandalous proceedings in West Elgin, the flight of the culprits to escape prosecution and investigation, and the action of the Ontario Government in respect to the matter, are well known to the public. The confession of Mr. McNish, the successful candidate, giving a general explanation of the methods employed is given below.

The public generally, however, do not know the desperate character of the electioneering methods the "machine" adopted, and that some members at least of the Federal Government have assumed responsibility for, by recognizing the machine as a political factor, and standing up as its shield and protector. Canadian political life has not been entirely free from bribery and corrupt and illegal practices, but heretofore Canada has not produced a machine of more elaborate contrivance, or better fitted to rob the honest elector of his franchise, or undermine the constitution itself, than the instrument described as the "threshing machine." To grasp fully the iniquity of the machine

and its methods, it is necessary to glance at our election law and consider the machine methods to destroy it.

#### WHAT THE LAW REQUIRES.

To guard against fraud in the conduct of elections and to ensure to the majority of the electors the representation that is theirs in Parliament, the law requires that:—

1. The election officers shall be sworn to the correct performance of their duty and that the taking of the oaths shall be a matter of record.
2. The ballots shall be printed on thick writing paper.
3. A record shall be kept by the returning officer of the ballots made for the election, and a sufficient number of the same description shall be given by the returning officer to the deputy returning officer who shall account for the same under oath.
4. The returning officer at every election shall put his initials on the back of the ballot paper given to the voter and the number of the voter in order of his voting shall be put upon the counterfoil attached to the ballot.

The machine is a nest of conspirators organized by the baser elements of the Liberal party, but apparently sanctioned by many of its leaders, for the purpose of evading this law.

#### HOW THE FIRST RULE WAS BROKEN.

The first requirement is to afford the electors the guarantee that the election is conducted by officials under the sanctity of an oath. In the West Huron election this requirement of the law was not complied with, and fraud was used that the evasion of the law might be concealed. False certificates in writing signed by the officials were entered in the poll books to the effect that the necessary oaths had been taken. The officers could do what rascality they chose without the fear of perjury before their eyes.

#### NO SECRET VOTE.

The second requirements exist for the purpose of securing the secrecy of the ballot. Thin paper for ballots would enable the cross or voter's mark to be seen by the deputy returning officer through the paper and he could tell from its position how the elector voted. Thin paper would favour coercion and afford a guarantee that voters who have been bribed would mark their ballots for the side which purchased them. In the West Huron case the ballots were printed by Mr. Dan McGillicuddy, publisher of the Liberal newspaper in the constituency. Some of them were on paper almost as thin as tissue paper.

#### SPARE BALLOTS ISSUED.

The third requirement is to prevent the use of the ballot papers for purposes of fraudulent substitution and bribery. In the West Huron election case Mr. McGillicuddy acknowledged on oath to have printed 300 more ballots than he gave to the returning officer and retained these in his office. In making up the packages for the returning officer, incorrect entries were made, and almost in every instance more ballot papers were given to the deputy returning officers than were purported to be given. McGillicuddy was to provide 6,150 ballot papers in all to the different deputy returning officers. He swears he

printed 6,550, of which 300 were kept by himself, 50 were destroyed in printing, and 6,150 were given to the deputy returning officers. The real number of ballots given to the deputy returning officers, as appears by the ballots returned by the officers was 6,301. How many more may have been given the evidence does not show, as only a few polling booths were investigated before the Parliamentary Committee. These extra ballots appear to have been used to stuff one of the ballot boxes and to make the substitution for the stolen ballots at certain polls. The accounts given of the ballots received by the deputy returning officers were in many cases false, and falsely certified to be under oath.

#### THE BALLOT SWITCHING.

The fourth requirement is designed to secure the deposit in the ballot box of the official ballot given by the deputy returning officer to the elector, and thus secure secrecy of the ballot and prevent bribery, ballot stuffing and ballot stealing.

In the West Huron election all sorts of irregularities were committed by the election officials in utter disregard of this requirement. In some booths no number was put either on the counterfoil or on the ballot. Deputy Returning Officer Cummings in No. 4, or some one else, put fourteen bogus ballots into the ballot box which the deputy had not given to the electors. The stubs of all the ballots passed in this poll were preserved, and the bogus ballots were thinner and wider than the stubs, and were stained black on the edges, while the edges of the other ballots in the box were white. The bogus ballots were endorsed in ink, while the remainder of the ballots in the box were, with one or two exceptions, endorsed in lead pencil with the initials of Cummings. The vote in this poll stood 68 for Holmes, the Liberal candidate, and 30 for McLean, the Conservative candidate. The result of the poll was such a surprise that the matter became a subject of general discussion. Upwards of 40 Conservatives, who felt that a great outrage had been done, made solemn declaration that they had voted for McLean. Before the Privileges Committee 41 of the electors swore that they had voted for McLean, and later two other electors swore before the County Court Judge of Huron that they also had voted for McLean. By simple theft on the part of somebody who had access to the ballots on polling day, at least 14 of McLean's votes were stolen and 14 for Holmes were substituted therefor, making a difference in the majority against McLean of 28 votes at least.

#### MR. FARR'S POLL.

At polling booth No. 3, Town of Goderich, where Farr presided, only 118 men voted, and 123 votes were counted out of the box. Of these, 72 were for Holmes and 40 for McLean, while 10 were not marked at all. There was in addition one rejected ballot. The ballot box was stuffed to the extent of five votes. All the ballots marked for McLean were regular and properly initialed. Of Holmes' ballots 22 were bogus ballots, many of them not initialed and all differing in appearance from the other ballots cast, and from the ballots unused. Fifty-five electors in this polling district solemnly declared they voted

for Mr. McLean. Of these 35 were examined under oath before the committee, and they all swore they voted for McLean. Nine other witnesses were present to be examined, but the Liberal majority refused to sit longer and have their testimony taken. Assuming that the ballot stuffing was by bogus votes, Mr. McLean had 15 ballots stolen from him, and Mr. Holmes had 22 ballots more in the count than he was entitled to, making a difference in the majority of at least 37 votes against McLean. The 22 bogus ballots in this booth were similar in appearance to the ballots in polling booth No. 2, which was situate directly across the street from No. 3. In polling booth No. 2, 178 ballots only were accounted for by the deputy returning officer out of 200 ballots which had been given him, so that 22 ballots were stolen by somebody. The correspondence in number and appearance between the ballots stolen from No. 2, and the bogus votes polled in No. 3 is very suggestive.

The law required the deputy returning officer to destroy the counterfoils. Both Farr and Cummings put the counterfoils in their pockets, one of them making the flimsy excuse that if he destroyed them as the law required he would litter up the floor. In No. 2 Colborne, one bogus ballot with forged initials was counted for Holmes. The committee only investigated a few booths out of a great number in the constituency, and three of these alone cut down Holmes' majority 66. If fraud prevailed in each of the remaining booths to only one-quarter the average extent it prevailed in the booths investigated, Mr. McLean, the Conservative candidate, was elected by a handsome majority.

James Farr, the deputy returning officer at No. 3, Goderich, did not appear before the committee. He left his place of employment when the enquiry began, explaining that he was in trouble over the elections. Witnesses were called who swore that Farr had told them that he had cast 22 ballots for Holmes. It was shown that after he had been summoned he was in communication with Mr. James Vance, the Liberal organizer at Toronto. Afterwards he went on a journey, and a friend of his swore that Farr had stated that his expenses were paid. When the enquiry was well over he returned to Toronto.

#### THE BROCKVILLE AND HURON CASES IN PARLIAMENT.

Having thus shown what was proved in the enquiry, let us go back and review the proceedings in Parliament in connection with these transactions.

In the session of 1899 Mr. Borden, M.P. for Halifax, rising to a question of privilege, made his charges in regard to this stealing of seats of West Huron and Brockville. He produced statutory declarations and other evidence in support of the charges and offered the following motion:—

“That the poll-books, voters' lists and all other papers, letters, documents and memoranda relating to the last election for the Electoral District of Brockville, and to the last election for the Electoral District of the West Riding of the County of Huron, respectively, which have been produced by the Clerk of the Crown in Chancery, be referred to the Select Standing Committee on Privileges and Elections, for the purpose of inquiring into, and

investigating the conduct of the respective returning officers, and of the several deputy returning officers, at and in connection with, each of the said elections, respectively; with power to send for persons, papers and records, and to report thereon with all convenient speed.

Sir Wilfrid was praised by his supporters and highly commended in the country for the promptness with which he agreed to the motion. The Premier professed to be not only willing but anxious to have the facts brought out. His language supported the idea that if the enquiry should fail it would not be on account of opposition on the Government side. Sir Wilfrid said:—

“With regard to the West Huron election, I am free to say, at once, that having heard the statement that the honourable gentleman has made, and which I understand he is prepared to substantiate upon his standing as a member of this House, he has made a prima facie case which, I say, without any hesitation, must go to the Committee on Privileges and Elections. With regard to the Brockville election, I must say that, in my estimation, the case which he has made out is very, very weak, if indeed he has made out a case at all. But such is the sanctity of the ballot, such is the sanctity of the rights of the people which they must exercise, whenever they are called upon at the polls, that though, in my opinion, speaking here in behalf of the Government, the case made out in regard to Brockville is more than weak, still the Government will not offer any objection to the case also being referred to the Committee on Privileges and Elections. \* \* \* \* If any one has contravened the law, it is fair and right that this should be investigated, and that we should know now henceforth and for ever, that the will of the people must be expressed as the people wish to express it, however severe the consequences may be on the one side or the other.”

#### ENQUIRY UNDER DIFFICULTIES.

After the case got before the committee and the evidence in regard to the bogus ballots and of the real vote began to appear, the Government party commenced the practice of obstruction. Members on the majority side objected to proceeding without a quorum, and refused to allow the quorum to be reduced. They objected to proceeding in the absence of certain Ministers, who made it their business to head off evidence when they were present. Under the direction of Sir Louis Davies the majority dictated to the prosecutor who should be called as witnesses, in what order they should be examined, and in what way he should make out his case. At the last they refused to examine nine witnesses from Goderich, who had been brought at great expense to Ottawa under summons to give evidence.

As a result of this obstruction and delay the enquiry did not reach the Brockville case and only covered a part of the riding of West Huron. When the majority refused to sit longer during that session, and decided that the investigation should be held over, the committee submitted a report stating that the proceedings were incomplete, and that the matter was left to the House “to take such action thereon as to continuing and completing the enquiry as may be deemed best.”

#### BURKING INVESTIGATION.

When the House rose it was understood that the enquiry would be resumed at the next session, as had been done in other cases where the end of the session occurred before an investigation was ended. In accordance with this view Mr. Borden was in his place at the opening

of the session of 1900, and in order that the enquiry might not again be left unfinished, he rose immediately after the Privilege Committee had been struck, and repeated the motion of the previous year, asking that the committee be authorized to complete its work. As before he made it a question of privilege, having the right to expect that the Premier would show the same desire to have the investigation go on as he had shown in the previous session. To his surprise the objection was made from the Government side that the matter could not be dealt with as a question of privilege, and that Mr. Borden must give notice and take his turn for his motion to be reached. The Government absolutely refused to follow the precedent of the previous year, and Mr. Borden was forced to submit to the delay. When the motion was reached in the regular order Mr. Borden was again headed off. It is the custom to give unopposed motions the preference over controversial matter, but Mr. Borden's motion was not allowed to go in that list. It had to take its place as an opposed motion after a score of debatable resolutions, some of which could not possibly be reached until nearly the end of the session. The effect of this opposition was to crowd the motion out altogether, or stand it over until no practical action could be taken on it. This hostile action was ominously significant coming after the professed desire of the Premier to have these election cases investigated, and after the committee had spent much time and money in the investigation and after sufficient evidence had been brought forward to make good the charges as to West Huron.

#### THE PRITCHETT EXPOSURE.

The House had been in session more than three months before Mr. Borden could do anything, and even then he was only able to act by dropping his motion from the paper and proposing it as an amendment to the motion of the Finance Minister to go into supply. From this motion there was no escape and the Ministers could no longer conceal their purpose by further obstruction. On this occasion Mr. Borden and Mr. Powell read affidavits made by J. G. Pritchett, who swore that he was the man engaged by the organizers, and paid by them, to instruct deputy returning officers in the art of slipping or substituting ballots. He swore that he had given lessons in this fine art to returning officers of West Huron and Brockville, giving the names of about a dozen so instructed, stating the circumstances in each case, with the number of bogus ballots marked for the Government candidate supplied to each, and the price to be paid per ballot for the substitution. He gave the particulars of his own bargain with the organizers and explained in minute detail the sleight-of-hand operation by which the substitution was effected. It is enough to say that the deputy after receiving the ballot from a Conservative voter managed to put it into his pocket with the counterfoil and to put into the box a bogus ballot previously marked for the Government candidate.

#### A NEW SET OF PROMISES

Notwithstanding these affidavits, and the fact that Pritchett was then in the country, the Government called upon the House to vote

down Mr. Borden's motion to go on with the investigation. Sir Louis Davies declared that the Privileges Committee was incapable of carrying on such enquiries properly, though last year he agreed with the Premier that the matter should be referred to that committee. After a sharp debate, in which one Liberal member declared that the refusal of an enquiry would be condemned by all honest Liberals, Mr. Borden's motion was rejected by a party vote. But the Premier was not yet done with promises and pledged himself to appoint a commission and order a complete judicial investigation into the ballot frauds. At the time of writing the history of this proposed enquiry is yet in the future. Whether the commission shall be allowed to complete its work or will also be headed off as soon as the machine is in danger remains to be seen. In the meanwhile the machine has gained valuable time.

We are left to form our own conclusions as to the reason for this change of policy. The evidence obtained may have been stronger than was expected, and may have brought closer home to the Ministers the danger of further enquiry. It is known that Opposition members of the committee have obtained information during the recess which they consider of great importance. The Government probably expected to hold the Dominion election before the session of 1900, and if that had occurred the course adopted last session would have afforded the means of escape, and at the same time have protected the Government from the discredit of absolutely refusing an investigation. But at the beginning of a session, with new evidence available, and with several members of the gang within reach of the committee, the re-opening of the question contained elements of grave danger.

#### THE MACHINE REWARDED.

In Pritchett's affidavit he states that a well-known organizer of the Liberal party in Ontario paid him handsomely in cash for personating another man as deputy returning officer in West Elgin, and that when he had occasion to leave the country to be out of reach of the law, he was paid by the party manager an allowance of \$100 per month.

But naturally the funds of a party are not sufficient to reward all those who serve with the machine, and some of them are recompensed by appointments to public office. W. H. Hoppen, one of the traveling election operators, who was a witness before the Privileges Committee, testified that he assisted in the West Elgin election and that W. T. R. Preston "was special organizer for West Elgin." (Committee Report, page 3907.)

It will not be out of place to show by undisputed evidence how that election was managed so successfully for Mr. McNish, the Government candidate. Fortunately we have a statement of the candidate himself, who filed a declaration, which forms a part of the record of the West Elgin election case. This statement or confession contains the following admissions.

#### THE McNISH CONFESSION.

"That a large number of persons were specially sent into the con-

stituency, by men working on behalf of the Liberal party, for the express purpose of taking part on Mr. McNish's behalf in the election held January 12, 1899, and we believe that fraudulent and corrupt means were used by some such persons to procure his election.

"That several such persons illegally and without authority acted as deputy returning officers at the said election and in at least three cases so acted in the names of reputable local men, having under assumed names been introduced to the returning officer by local agents of Mr. McNish.

"That in many of the polling sub-divisions of the riding there were grave irregularities connected with the return of the ballot boxes with their contents, the voting and the counting of the ballots thereat.

"That there were a large number of persons brought into the riding for the express purpose of personating legitimate voters, and assisted by some of Mr. McNish's local supporters such persons did personate qualified voters in voting for Mr. McNish.

"And a large number of votes cast for Mr. Macdiarmid, (the Conservative candidate) were in some nefarious and corrupt manner manipulated, whereby the result of the election was rendered doubtful."

### HUG THE MACHINE.

On the evening of the day when the election was obtained after this manner the following despatch was received by Mr. McNish, who referred to it in his examination.

"Toronto, January 12th, 1899.

"Donald McNish, St. Thomas:

"Heartfelt congratulations. Sorry to the bottom of my heart I cannot be with you to-night. To be supported by such a noble army of workers should make you the proudest man in Ontario. Shake hands with the boys for me, and hug the members of the much-abused threshing machine, for 'auld lang syne.'

"PRESTON."

On the day following the date of this despatch Mr. W. T. R. Preston was appointed by the Dominion Government to the office of Inspector of European Emigration Agencies at a salary of \$3,000 a year and expenses. He immediately crossed the Atlantic and did not return until the West Elgin enquiry was over and the ballots used in that election had been "accidentally" burned by Government officials in the Government offices.

## CHAPTER IX.

# THE YUKON SCANDALS.

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### HOW MR. SIFTON CHALLENGED INQUIRY AND THEN REFUSED INVESTIGATION.

One of the darkest chapters in the history of the present administration is that connected with the government of the Yukon. The Yukon scandals are more or less familiar to the people of Canada, and unfortunately also to those of Great Britain, Australia, South Africa, the United States, the continent of Europe and all countries which are interested in gold mining. The organization of the Yukon territory, and the administration of affairs there afforded an opportunity for the Minister of the Interior and his colleagues to show their capacity and character. It was a new field, in which they had absolutely a free hand. There at least the responsibility for corruption, incompetence and bad management could not be thrown on the late Government.

The offences connected with the government of the Yukon have been many and various. They are due in part to the measures adopted at Ottawa, and the orders issued from the Government, and in part to the selections made by the Government of officers charged with the administration in the district. The Minister of the Interior seems to have made his appointments on other grounds than fitness of his men for positions of grave trust and responsibility. The distance of the field from the seat of Government and of Parliament, its remoteness from the influence of public opinion in Canada, the large control exercised by officers there, the opportunities for corrupt use of power and patronage, and for obtaining private advantage from official information, were enormous. It was obviously the duty of the Government to place over that district men whose honour was unassailable, whose judgment was sound, and whose courage and capacity had been proved by experience. To appoint party hacks of doubtful character, or insufficient ability, or lacking in firmness and moral strength, to important positions anywhere is an offence, but to send such officials to the Yukon was a high crime against the resident miners, against the investors, against the Canadian tax-payers, and against the good name of the country.

Mr. Sifton selected his officers and sent them in. He made his regulations and issued his instructions. But as soon as he and they got fairly to work, a chorus of complaints and protests were heard from the Yukon. Nearly every letter received from that country contained charges of the gravest character, reflecting on the integrity and capacity of the Yukon administration, and complaining of the gravest

official corruption, official blackmail, official negligence and incapacity. Probably some of these reports were exaggerated, but they undoubtedly reflected the opinion of the mining population. They were published abroad in all countries, and caused great damage not only to that district and its enterprises, but to the reputation and moral standing of the whole country.

#### THE LONDON TIMES.

The London Times newspaper, with its customary caution and care, in order to ascertain the facts with certainty, sent to the Yukon the colonial editor, Miss Flora Shaw, who made a careful enquiry on the spot into the conditions of affairs. After hearing what the miners had to say, and hearing also the statements of the local officials, and of the department at Ottawa, Miss Shaw set forth clearly the results of her enquiry. The following extracts from one of her letters show what an unprejudiced observer and investigator decided to be the condition of things. Miss Shaw wrote:—

“To put the position as plainly as it is daily and hourly stated in the mining fields and in the streets of Dawson, there is a widely prevalent conviction not only that the laws are bad, but that the officials through whom they are administered are corrupt. Apart from the general charges there is much dissatisfaction with imperfections of organization which are ascribed to inaptitude and inattention to business on the part of responsible officers. That there are as yet no roads, no trustworthy mail arrangements of any kind, and no clear distribution of streets and town lots, in a town of nearly 20,000 inhabitants, are conditions which are held to be wholly unnecessary in view of the amount of revenue derived from the mines, and the fact that the town is now two years old. The insanitary condition of Dawson, situated as the town is, upon a swamp and devoid of the most elementary conditions for cleanliness and health is a standing menace to the community. Typhoid is permanent in the town; the death rate is abnormally high and there are as yet no signs of any measures to be taken to avert the danger of a serious outbreak of epidemic. That mining districts cannot be surveyed, that claims in many instances cannot be recorded, that necessary information in regard to the district already staked is not open to the public, are facts which have come to be regarded by the public as so many purposely designed channels for individual bribery. A half or a quarter interest is frequently quoted as the price at which good claims can be recorded and scarcely a day passes in which some fresh story does not become current of the number of dollars which it cost to obtain letters from a nominally unsorted mail, or to make good an entrance on business into one of the public offices.”

Here were the gravest possible charges made by the greatest and fairest newspaper in the world, after a critical study by one of its own editors on the ground.

#### THE MINERS' COMPLAINT.

Following this came a petition from the Miners' Committee chosen at a great mass meeting at Dawson to represent the case to the country. The petition, generally known as the Miners' Petition, was signed by thirteen representative men elected at this meeting. They were not Canadian partisans desiring to make capital against the Government, but men from all parts of the world interested in a good government of the district. Four of them were from Great Britain and

three from Australia. The petition bears date August 25th, 1898, and may be found in the Hansard of 1899, page 766.

The Committee declared:—

That many of the Government officials had forfeited their claim to the people's confidence and respect.

That the Gold Commissioner's office was practically closed to the miners who had not the means or desire to bribe the clerks, in order to obtain knowledge of the records that ought to be public. While those with money could obtain easy access, concessions and valuable information.

That wholesale information with regard to unrecorded ground was conveyed to certain individuals outside the office, who obtained men to stake and record the ground in consideration of an interest in the same, thereby defrauding the miner who cannot obtain correct information by legitimate means.

That the Commissioner in deciding disputes looked to the Crown Prosecutor for legal advice, and the latter permitted himself to be retained as an advocate by one of the contestants.

That the Crown Prosecutor was "openly charged with serious breaches of trust and malfeasance in office," as Dominion Lands Agent.

In consequence of these and other wrongs the miners stated that "the feeling in general is widespread, deep and bitter." They respectfully asked for the appointment of a Commission of Enquiry into the whole matter of the Yukon administration.

#### A SIFTONIAN INVESTIGATION.

The only action that the Government took on this petition and on the charges with which more than one continent was ringing, was the appointment of Mr. Ogilvie, the Government Surveyor, who knew nothing about judicial investigations, and who, whatever his other merits may be, seems to have lacked completely the qualities for this particular business. Mr. Ogilvie was asked to hold an investigation, though he was an employe of the very department which he was called upon to investigate. He was moreover a near relative by marriage of the Minister of the Interior, who was the person responsible for the Yukon grievances. Besides Mr. Ogilvie had just been appointed by the Minister to the high position of Chief Commissioner for the Yukon.

While Mr. Ogilvie was discharging the duties under the Royal Commission of Enquiry, Mr. Sifton stated in Parliament:—

"Mr. Ogilvie, the Commissioner, gets \$5,000. When he was employed by the late Government, he got \$1,800—the Government furnishes for their men both quarters and provisions."

After Mr. Ogilvie sent his report on the evidence taken, his salary was made \$6,000 and a living allowance of \$2,000 a year was given him with a further grant of \$3,000 a year for house rent and \$720 for a housekeeper. Without reflecting upon Mr. Ogilvie in other capacities, it does not appear that he was in exactly the independent position to carry on a judicial enquiry in the delicate circumstances of the case. Moreover, as appears from his own report, he informed the Minister that the enquiry which he had carried on, was incomplete and that the miners had refused to prosecute the charges under the limitations, restrictions and difficulties imposed upon them. The correspondence has since

been made public, and shows that Mr. Ogilvie did not preserve the judicial character to any great extent.

#### THE YUKON IN PARLIAMENT.

At the beginning of the session of 1899 the Yukon scandals were discussed and Mr. E. F. Clarke, M.P. for West Toronto, moved:—

"That this House deems it expedient to inform His Excellency that in view of the widespread charges of incapacity, misconduct and corruption in the administration of public affairs connected with the Yukon, it is the duty of the Government to appoint without delay an independent judicial commission to make a thorough investigation into the subject and report the result."

This was what the miners had asked for and what had not been given. Mr. Ogilvie himself, had by that time communicated to Ottawa the fact that the miners had declined to prosecute their charges before him, because as they alleged the enquiry which he proposed did not give them a fair chance to bring out the facts.

Mr. Clarke's motion was not accepted, but the Government brought forward an amendment which was carried, expressing the belief that Mr. Ogilvie's investigation would give the Government all the information necessary. This amendment was adopted by a straight party vote.

In the course of the debate Sir Charles Hibbert Tupper brought forward strong evidence of corruption and misgovernment in the Yukon. Mr. Sifton replied, and at the close of his speech made this declaration and challenge: (Hansard, 1899, page 885.)

"I want to say that I challenge the honourable gentleman, the leader of the Opposition, I challenge the members of his party in this House, I challenge the members of his party outside this House, I challenge the press of his party to produce their private detectives, come here upon their responsibility and prove their charges. I challenge the member for Pictou (Sir Charles Hibbert Tupper) or any other member in this House, to lay upon the table of the House the charges that he has to make, and declare his ability to substantiate them by evidence, and he will get his investigation, and I will be able to convince the honourable gentleman who makes the charge that discretion on his part would have been the better part of valor."

#### THE CHALLENGE ACCEPTED.

Now in June 27th of the same year, Sir Charles Hibbert Tupper accepted that proposition, and did lay upon the table his charges and declare his ability to substantiate them. He produced evidence from many sources, much of it taken from the testimony offered before Commissioner Ogilvie, in support of the charges. He charged and offered to prove among other things:—

That the Hon. Clifford Sifton, Minister of the Interior, had been guilty of scandalous neglect, delay, and mismanagement in the administration of the department in the Yukon District.

That commissions to officers in the Yukon were issued illegally and without authority.

That the chief authority in the Yukon was reposed in a man whose official record did not justify an appointment to any position of trust.

That the Minister of the Interior had made incorrect and misleading statements on various occasions in the House.

That the Mining Inspectors appointed in July, 1897, were incompetent

and untrained, while one was a United States citizen and an uncertified captain of a whaling vessel, and the other a livery stable keeper.

That the Government appointed on the recommendation of Mr. Sifton, officials who were incapable and corrupt, to positions requiring experience and technical knowledge.

That the Minister of the Interior had been guilty of favouritism and partiality in the administration of the Yukon laws and regulations.

That a former law partner of the Minister of the Interior, while endeavouring to induce another to join him in Yukon mining ventures, represented in writing that Mr. Sifton and the Chief Commissioner were also interested with him, but that their names could not appear, as he wrote, 'for obvious reasons.'

That Mr. Sifton gave to his former partner a permit or authority, contrary to law, which the latter offered for sale for a large sum of money.

That gross abuses had prevailed in connection with liquor permits.

That official favouritism had been shown to a Chicago and Seattle trading company.

That the Chief Commissioner and head of the Executive in the Yukon was guilty of misbehaviour in office, and of other grave offences, permitting favourites to violate the law by trading on the Sabbath and selling liquor contrary to the law.

That a lawyer, friendly to the Minister, was enabled to charge large sums to secure the good offices of the Minister in respect of liquor permits issued contrary to law.

That the Chief Commissioner illegally exempted individuals from the law and regulations respecting the payment of royalties.

That the Crown Prosecutor, appointed by Mr. Sifton, appeared before the Court of the District and the Gold Commissioner as the paid advocate of private parties having business transactions with the Government.

That the Gold Commissioner's legal advisor accepted retainers and fees from persons contesting claims before the Commissioner.

That the leading officers of the Dominion in the Yukon accepted retainers and fees for procuring or promising to procure grants or titles or possessions of Dominion lands or mining claims.

That an officer of the Government was guilty of blackmailing persons engaged in the sale of liquors and the keeping of gambling saloons.

That officials in the employment of the Canadian Government in the Yukon were guilty, directly and indirectly of accepting gifts, promises and considerations for their assistance and influence in procuring mining claims and other interests and information from public officers and public records, contrary to the Criminal Code.

That officials have been guilty of fraud and breaches of trust.

That official records were kept secret so that among other abuses that prevailed was one by which, after application for a mining claim was made, the property, if found to be of value, was staked and recorded in the name of another than the first and rightful applicant.

That private fees were exacted for public work.

That a system of bribery among Government officials was rendered necessary by inability otherwise to get them to perform their duties.

That blackmail by officials of persons applying for claims prevailed.

That unfair and fraudulent use was made by officials of knowledge obtained in the discharge of their duties.

That similar crimes and offences as mentioned above pertained also to the disposal of timber interests by inspectors and other officials.

That grave scandals and abuses occurred in the Department of Customs and Postoffice Department, as represented in the Yukon.

#### A FAIR PROPOSITION.

These and other charges, made more specific by the mention of the names of the persons accused, Sir Charles Hibbert Tupper placed on the table of the House on his responsibility as a member and

offered to substantiate by sworn evidence before any judicial tribunal. In accordance with Mr. Sifton's challenge he immediately moved

"That a Commission be issued to two or more judges of the Supreme Court of Canada, or any two judges of any Superior Court in any Province of Canada, conferring 'the fullest possible powers for a complete, effectual and exhaustive enquiry, with a view of discovering the truth of the statements and charges aforesaid.'"

Sir Charles Hibbert Tupper offered to place his own services gratuitously at the disposal of the Attorney-General to assist the Commission of Enquiry in probing the matter to the bottom, whether his services should be required at Ottawa or Dawson or both.

Sir Charles added to his statement these words:—

"In addition to what responsibility attaches to the action I have taken in this matter, I am prepared, if the Commission is granted on the terms suggested to abide by the result, to consider that by failure to substantiate the charges made I will have forfeited my right to sit in Parliament or to hold any office in the gift of the Crown."

In a speech of seven hours, Sir Charles offered proof in support of each of the charges made by him. A long debate followed in which Mr. Sifton defended his administration as best he could, but refused distinctly and positively to accept the Commission of Enquiry. The Government called on its supporters to vote down the motion for the investigation and this was done. But it is important to notice that three Liberals from the west, who were perhaps in the best position to judge of the character of the men appointed by Mr. Sifton, and to know the truth concerning the Yukon, absolutely refused to vote against the enquiry.

#### LIBERALS WHO REVOLTED.

One of these, Mr. Oliver, member for Alberta, said: (Hansard, 1899, page 6276.)

"I consider that a great wrong has been done to many people who went out as pioneers to that country; and while it may be impossible to redress these wrongs, it is not impossible to punish those who perpetrated them. I will vote for the motion of the member for Pictou, not because I support all that his motion contains, or the position he takes in every particular, but because I wish to place before the House and the country in the most emphatic manner possible, my desire that the offences which have been committed against the pioneers of the Yukon, by certain officials of the Government, should be punished, and punished as severely as possible as the result of any investigation that may be held."

Mr. Richardson, the member for Lisgar, Manitoba, explained his vote against the Government by saying: (page 6277.)

"I have followed the doings out in the Yukon closely for a year or two, and am satisfied that a great deal of scallawaggery has taken place."

He asked:—

"Supposing I refuse to vote for this resolution, how am I to appear before my constituents and the country as supporting the fullest possible investigation in what I am satisfied is wrong-doing. \* \* \* I have come to the conclusion, and it is my duty to vote for the fullest enquiry into the Yukon and that being the case I propose to vote for this motion."

Another who refused to whitewash the Yukon administration

was Mr. W. B. McInnes, M.P. for Nanaimo, who was in a position to understand better than most members the feeling on the Pacific Coast on Yukon matters.

But the Liberal party generally in the House were in a complaisant frame of mind and supported Mr. Sifton in refusing an investigation into the charges which he had himself invited. The motion was voted down, and Mr. Sifton and his officials were not only relieved from fear of judicial exposure, but were authorized to go on as before. They seem to have done so.

## CHAPTER X.

# THE PROHIBITION PLEBISCITE.

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### THE PLATFORM.

The Liberal Convention of 1893 made a bid for the temperance vote. The plebiscite clause of the party platform was put forward as a promise to the temperance people that they could have prohibition in the Dominion if it was asked for by a majority in the popular vote.

The plebiscite clause in the platform reads as follows:—

‘Whereas public attention is at present much directed to a consideration of the admittedly great evils of intemperance, it is desirable that the mind of the people should be clearly ascertained on the question of prohibition, by means of a Dominion plebiscite.’

Mr. Fisher, now Minister of Agriculture, in proposing this resolution condemned the Conservative Government for taking no practical action in favour of prohibition. He offered this motion as a practical step and caused it to be understood that if the people voted for prohibition this policy would give it to them.

It was so understood by Hon. T. W. Anglin, a leading member of the party, who was not a prohibitionist, and who speaking against the motion, said:—

“It may be said, indeed, that the resolution only asks for a plebiscite. But what do we mean when we ask for a plebiscite if we are in earnest? Is it not that we desire to know what the opinion of the people is on this question, and that we will do all in our power to give effect to this decision as thus ascertained? It may be that not one-half of the adult male population will vote. Nevertheless should a majority be obtained at the polls when the question is submitted, the friends of prohibition will be in a position to call upon the Liberal party to follow up this resolution logically by assisting in the passage and enforcement of a prohibitory liquor law.”

### PLEDGES IN PARLIAMENT.

In the session of 1898 the plebiscite bill was introduced. Not a word was said by the Minister who introduced it, or by the Premier or any other Minister, to lead the people to suppose that the majority of the votes cast would not be accepted as an expression of public opinion. Mr. Fisher, in proposing the second reading, said:—

“When the vote has been given, when the people of the country have declared their will in respect to this question, it will come back again to the floor of this Parliament and will have to be dealt with by the representatives of the people in Parliament.”

Sir Wilfrid Laurier said:—

“We wish to leave the people free to determine the question, and to declare to the Government what should be their policy afterwards. I have

only to say that if the Government should be recreant to the duty which will be imposed upon them by the people, my honourable friend (Mr. Foster) will be there to remind the Government of it and to abide by the will of the people."

And again:—

"The Government when they have the will of the people before them will have to take such steps as will give effect to the will of the people."

Sir Wilfrid Laurier said further:—

"At last we are taking a practical step, the first serious step that is to be taken if prohibition is to become law."

On the day that the discussion took place on the second reading of the plebiscite bill, a delegation of the Woman's Christian Temperance Union presented to Sir Wilfrid Laurier in the Dominion Methodist Church at Ottawa, the world's prohibition petition. Speaking to the ladies on that occasion the Premier said:—

"Within a few months the plebiscite will be in the hands of the people, the decision must rest with them."

#### THE RESULT OF THE VOTE.

Everyone knows what followed. The question was submitted to the people. A majority of those who went to the polls voted in favour of prohibition. Every province except Quebec gave a majority in its favour. The vote by provinces resulted as follows:—

|                        | Yes     | No      | Maj. For | Maj. Against. |
|------------------------|---------|---------|----------|---------------|
| Ontario .. .. .        | 154,499 | 115,275 | 39,224   | .....         |
| Quebec .. .. .         | 28,582  | 122,614 | .....    | 94,032        |
| Nova Scotia .. .. .    | 34,646  | 5,402   | 29,244   | .....         |
| New Brunswick ..       | 26,911  | 9,576   | 17,335   | .....         |
| Prince Edward Island   | 9,461   | 1,146   | 8,315    | .....         |
| Manitoba .. .. .       | 12,419  | 2,978   | 9,441    | .....         |
| British Columbia ..    | 5,731   | 4,756   | 975      | .....         |
| Prov. Dist. of Alberta | 1,708   | 1,331   | 377      | .....         |
| " " Assiniboia         | 3,919   | 1,166   | 2,753    | .....         |
| " " Saskatchewan       | 611     | 327     | 284      | .....         |
| Totals .. .. .         | 278,487 | 264,571 | 107,948  | 94,032        |

The total majority for prohibition, 13,916.

The Clerk of the Crown reduced this to 12,286 by striking out the double vote of St. John and correcting some errors.

#### A CHANGE OF BASE.

The time had now come to take action in accordance with the will of the people as announced by the Ministers when the plebiscite bill was passed. We all know what the Minister said. For the first time it was announced that a majority of the vote cast was no indication of the public desire. It was for the first time announced that a majority of the total registered votes would be required, or in other words, that all whose names were on the list and who did not vote because they were indifferent, or because they were absent, or ill, or dead, or because they had votes in more than one place were to be counted as opponents to prohibition.

Never before in any controversy matter settled by vote was a

majority of the total electorate required. Not a member of the present Parliament, with one exception, received a majority of the registered votes in his constituency in the last election. The present Government governs the country with scarcely one-third of the registered vote in its favour. In not a single Scott Act election from the beginning until now has a majority of the votes been cast for the act. There was nothing in the history of the country to have led the temperance people to suppose that when the question was referred to the electorate any different rule was to be applied than the usual one of accepting a majority of the vote cast.

The only explanation which has been given of the extraordinary course taken by the Government in this matter was given by the Premier himself in the following significant words.

#### THAT SECRET CONTRACT.

Sir Wilfrid Laurier says: (Hansard, 1899, page 94.)

"Let me say this. When we put the plank in the platform there was an implied agreement between the members of the party who believed in prohibition and those who did not believe in prohibition. The implied agreement on the part of those who did not believe in prohibition was that if the voice of the people spoke unmistakeably, if it should be shown that a great majority of the electorate were in favour of prohibition, then those who did not believe in it would surrender their views to those of their brothers, and work honestly for the success of that policy. On the other hand there was an engagement on the part of those who believed in prohibition that if the voice of the people should not be of sufficient strength to warrant the adoption by the party of the policy of prohibition, they also would also square their views to those of their brothers, and we would hear no more of the question in the ranks of the party. That was the policy we adopted. That was the policy we carried out. \* \* \* \* \* Moreover there is not a man living who expected, at the time the plebiscite was taken that the duty would be imposed on the Government of introducing a prohibitory measure unless at least one-half of the electorate recorded their votes in favour of that policy."

The implied agreement under which Mr. Fisher and his prohibition friends in the Liberal party agreed to "square their views" to those of their brothers who did not believe in prohibition, and undertook that "we should hear no more of the question in the ranks of the party" was kept secret from the temperance people of Canada.

Two years after the time when the Premier says that it was made, he was speaking at Carleton Place, Ontario, when he said:—

"The Liberal party has pledged itself in convention at Ottawa that when in power they would take a plebiscite on the question as to whether the people want a prohibitory liquor law or not. The answer is not in my hands, it is in the hands of the people, and according to their answer such legislation will they have at the hands of the Government."

A few months before the election of 1896, Sir Wilfrid spoke in Winnipeg, and the organ of his party thus reports him:—

"He pledged his honour that as soon as the Liberals came into power they would take a plebiscite of the Dominion by which the party would stand, and the will of the people would be carried out even were it to cost power for ever to the Liberal party."

By these pledges the Liberal leader won much favour with strong temperance men, and several clergymen, for the first time in

their lives, openly advocated the cause of the Liberal party as offering a prospect of prohibition.

If the Ministers agreed among themselves before introducing a plebiscite that a majority of the registered electorate would be required to carry prohibition that fact was also concealed. The prohibitionists of Canada would hardly have taken the trouble to organize a campaign if they had supposed that an impossible condition was attached to it. They knew, as the Ministers knew, that it was impossible for any party or any cause to secure a majority of the names on the voters' lists. That never has been done and probably never will be done, under a wide suffrage such as we have in Canada.

#### PREMIER ROSS' OPINION.

In 1880 it was proposed to amend the Canada Temperance Act so as to require a majority of the registered vote in a constituency to give it force. The gentleman who is now Premier of Ontario expressed the following opinion on that occasion.

"He (the mover of the resolution) proposes to introduce into our electoral institutions an entirely new principle. \* \* \* I do not know that there is a single member of this House—unless he was elected by acclamation—who is able to say that he sits here by a clear majority of the registered vote of his constituency. \* \* \* Let the House distinctly understand that instead of dealing fairly with public opinion, this amendment proposes to take an unfair advantage of it and to render it almost impossible for public opinion to be fairly recorded."

#### ARRANGED BEFOREHAND.

There is no doubt that the Government never intended to introduce prohibitory legislation, even though the people should demand it by a majority of the total electorate. The whole scheme appears to have been a device to deceive the prohibitionists and to win their votes. A member of the Government, the late Hon. C. A. Geoffrion, speaking in the plebiscite campaign told his French Canadian audience that no matter how the vote went there would be no prohibitory law, though he pointed out that a majority for prohibition might embarrass the Government.

Moreover it is shown by the returns that in some parts of Quebec the majority against prohibition was increased by the stuffing of ballot boxes. An altogether impossible vote was obtained in such districts as the following:—

|                      | No. of<br>Poll | For | Against | Total | Total on<br>the List |
|----------------------|----------------|-----|---------|-------|----------------------|
| Vercheres .. .. .    | 26             | 3   | 131     | 134   | 142                  |
| Jacques Cartier .. . | 13             | 5   | 103     | 108   | 111                  |
| Portneuf .. .        | 30             | 1   | 78      | 79    | 83                   |
| Quebec Centre .. .   | 23             | 7   | 98      | 105   | 101                  |
| Quebec West .. .     | 1              | 12  | 102     | 114   | 115                  |
| Quebec West .. .     | 2              | 9   | 102     | 111   | 114                  |
| Richelieu .. .       | 1              | 15  | 136     | 151   | 160                  |
| Wright .. .          | 44             | 11  | 130     | 141   | 150                  |
| St. James .. .       | 20             | 6   | 131     | 137   | 146                  |
| Maisonneuve .. .     | 35             | 3   | 130     | 133   | 141                  |
| Maisonneuve .. .     | 19             | 1   | 93      | 94    | 104                  |

Notwithstanding these astonishing votes the majority in favour of prohibition was obtained. Then the Government fell back on the "implied agreement" theory advanced by Sir Wilfrid. The sum of it is that the people of Canada have been taxed \$200,000, and are put to the additional trouble and turmoil of an election campaign for no possible advantage to anyone. It was never intended that any practical result should come of it, and the result has probably been to set back the prohibition cause by several years.

#### ANOTHER DEVICE

In the session following the plebiscite the Government took no action, but Mr. Flint, a supporter of the Government, who had figured as the prohibition leader, started out on a new line. Quebec was abandoned and Mr. Flint proposed legislation whereby each province could individually prohibit the sale of liquor within its borders. The course of Mr. Flint's legislative efforts and their result are very significant. In 1899 he introduced a resolution on the lines above stated. He was followed by Mr. McClure, another Government supporter, with an amendment in favour of prohibition for the whole Dominion. A third supporter of the Government, Mr. Parmelee, came forward with a second amendment against prohibition altogether. Then Mr. Bourassa, a fourth supporter of the Government, proposed the adjournment of the debate, which was carried. The motion and the amendment went down to the foot of the order paper where, as all the parties well knew beforehand it could not be reached again that session.

In the session of 1900 Mr. Flint, after the House had been in session three months, proposed a resolution similar to the one introduced the year before. Mr. McClure came forward as before with his prohibition amendment. Mr. Parmelee carried out the programme by a second amendment, declaring the country was not ripe for prohibition. Mr. Bourassa was absent, but his part was taken by another Government supporter, Mr. Godbout, who proposed the adjournment of the debate. At the end of May the prohibition resolution was at the foot of the orders, with 43 motions ahead of it, and no chance to be reached in the ordinary course of events. In both of these discussions neither the Minister of Agriculture, who was supposed to be the representative of the prohibitionists in the Government, nor any other Minister took occasion to open his mouth.

## FAST LINE STEAMSHIPS.

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### MR. DOBELL'S CAREER AS A STATESMAN.

The project of establishing a Canadian line of fast steamships on the Atlantic, as there is one on the Pacific, has for years been advocated by the Liberal Conservatives, and by all Canadians, who are in favour of the closer union of the Empire. Sir Charles Tupper, as High Commissioner, entered into communication with the Imperial Government and succeeded in inducing that Ministry to join Canada in providing a subsidy.

The Canadian Parliament agreed to vote \$750,000 a year for ten years to this enterprise, and the Imperial Government offered half as much. Before leaving office Sir Charles Tupper's Government, after calling for tenders, succeeded in making a contract with the Allan Brothers of Montreal and Glasgow, to establish a first-class service. The contractors, who are admittedly capable of carrying out a great enterprise of this kind, agreed to put on four boats of not less than 8,500 tons and 20 knot speed, to provide weekly trips, the service to begin in the spring of 1898.

This was the condition of affairs when the late Government retired from office. The contract had not been signed by the Governor-General, and Lord Aberdeen acting on the advice of the Laurier Government, held it over for the consideration of the incoming Government.

### MR. DOBELL'S CONTRACT.

The Laurier Ministry refused to ratify the contract and placed in the hands of Mr. Dobell, Minister without office, the negotiation of a new arrangement. Mr. Dobell had not long before expressed a strong opinion against a fast Atlantic service, but he claims to have set himself seriously to work to provide one. The Government decided that the Allan contract could be improved upon, and Mr. Dobell made a provisional contract with Messrs. Petersen and Tate of Newcastle, England. This contract provided that two steamers would be put on in May, 1899, and two others in 1900. The Government was to pay \$500,000 a year and the Imperial Government half as much. But Mr. Dobell's contract was for a class of turret ship, which is not used in any other passenger service in the world, and concerning which all other steamboat men appear to have grave doubts.

### COCK-SURE AND TRIUMPHANT.

When the contract was brought down by Sir Richard Cartwright

Sir Charles Tupper expressed doubt as to whether the contracting firm would be able to carry out the arrangement, since it was without experience in this class of operations. He also deprecated the delay. But the opposition leader and his supporters consented to the measure and assured the Government of their best wishes. Sir Richard Cartwright, Mr. Dobell and the Government supporters were triumphant over the amount they claimed to have saved by the new arrangement, and the two Ministers who had most to do with the contract gave strong assurances that the contractors were capable of carrying out the arrangement, and that the "bottle-necked" ships were just the thing required.

Sir Richard Cartwright (Hansard, 1897, page 3999) said:—

"I myself formed a favourable opinion of the energy and ability of Mr. Petersen, with whom I had conversation on this subject. My honourable friend from Quebec (Mr. Dobell) made a voyage across the Atlantic especially to satisfy himself and us on this point, and he brought back a very favourable report."

Mr. Dobell himself said:—

"I claim it is a very creditable contract. It is a very severe reflection on the honourable gentlemen opposite, for the £50,000 a year we save on this contract is a satisfactory amount."

One year passed. The Petersen firm had failed altogether to make their financial arrangements. When the House met in 1898 not a blow had been struck towards the construction of the bottle-necked ships, but the Ministers were yet hopeful. In February Sir Richard Cartwright announced that the contractors still proposed to carry out their undertaking, and that they were able to build the ships in the time specified. But the same session Sir Richard Cartwright asked for an extension of the time for the first two ships, and the contract was amended so that the whole four should begin the service in May, 1900.

At that time Sir Richard Cartwright said:—

"With respect to the prospect of Petersen, Tate & Co., I can inform the honourable gentlemen opposite and the House in general, that I understand a very good company has been formed, under the presidency, I believe, of Lord Tweedmouth, and having at its head several persons prominent in the ship-building world."

The Government got all the time they asked and the Ministers were still apparently hopeful at the end of the session.

#### FAILURE ADMITTED.

When the House met in 1899, the Minister was obliged to confess that the scheme had collapsed altogether. The contractors had not only failed to build the ships, but had never been able to form the company. The capital had never been subscribed and the whole enterprise was acknowledged to be a failure. Various reasons were given for the collapse, but the fact as now generally acknowledged was that the contract was unbusinesslike and impossible from the beginning, and was so recognized by the financial world generally.

Had the arrangements made by the late Government been carried

out we should have had a Canadian fast service in full operation in 1898, and have been able to get the advantage of the revival of business. We should have had first-class ships of our own to send to Africa if required for the conveyance of troops and supplies to the seat of war. As it is, the enterprise which would have been a great step in advance in the consolidation of the Empire, has been put back many years. The cost of ships is now very much higher than it was a few years ago when the ship builders were anxious to obtain contracts. The present Government admits itself to be perfectly helpless to make further arrangements, either on the terms the Ministers themselves proposed or on those proposed by the late Government. For the last two years the country has not heard from Mr. Dobell, as to the relative merits of his contract and that made by the Tupper Government.

## CHAPTER XII.

# THE DRUMMOND RAILWAY DEAL.

### A GREAT BARGAIN FOR GREENSHIELDS.

In the session of 1897 Mr. Blair introduced a measure to lease the Drummond County Railway and to acquire certain running rights for the Intercolonial from the Grand Trunk Railway Company.

The measure called for the following annual payments for a period of 99 years:—

|                                        |            |
|----------------------------------------|------------|
| To the Grand Trunk Railway .. .. .     | \$ 146,000 |
| To the Drummond County Railway .. .. . | 64,000     |
| Total .. .. .                          | \$210,000  |

Of the larger sum \$6,000 was to be paid directly to the Drummond County Railway, but it went to the Grand Trunk Company for the use of the Chaudiere branch of the Grand Trunk, which had been leased to the Drummond Company. It is convenient to treat this \$6,000 as a part of the payment to the Grand Trunk.

On the sworn statement of Mr. Fitzgerald, the Government actuary, the payment of \$64,000 to the Drummond County Railway Company for 99 years as agreed upon, was equivalent to the payment in cash of \$2,094,192. His computation was based on the rate of interest which was paid on the last previous loan negotiated by Mr. Fielding in London.

On the same basis the payments to the Grand Trunk Railway would be equal to a capital outlay of \$4,777,218. The total appropriation for the extension to Montreal was therefore \$6,871,410. The Government was to equip and operate the Drummond Railway as a part of the Intercolonial and did not receive the rolling stock with the property. The arrangement with the Grand Trunk was only for the right to use the road in common with the company. There were other obligations to be mentioned later.

### THE VALUE OF THE PROPERTY.

Let us now consider the contract made by the Minister of Railways and the Drummond Company. The Drummond County Railway was intended to be a line of 132 miles from Chaudiere, near Levis opposite Quebec, to a point on the Grand Trunk some 35 miles from Montreal. This mileage includes a branch from Drummondville to Nicolet. The company had begun to build some years before and had not been able to finish. About two-thirds of the road had been completed after a fashion, and partially equipped. The work had been

suspended, and so far as could be learned, no money had been expended except the subsidies and certain outstanding loans. An effort had been made on several occasions to sell the railway at the value of \$400,000 to \$500,000, but no purchaser had been found.

When Mr. Blair came upon the scene he procured from his chief engineer a statement of the probable cost of the line as completed for the whole length. Mr. Schreiber thought such a road would cost \$1,535,000. From the evidence taken by the committee, which investigated the matter, this appears to be several hundred thousand in excess of the actual amount expended by the company when the road had been completed. It was still more in excess of the actual value judged by the offers that had been made to sell, or by the price at which Mr. Greenshields acquired the majority of the stock, or by earning power of the line.

But to give the deal the benefit of all the doubt let it be assumed that Mr. Schreiber's estimate was correct, and that the expenditure was what he estimated it. The company had received the following subsidies:—

|                                        |                   |
|----------------------------------------|-------------------|
| From the Dominion Government .. . . .  | \$ 287,936        |
| From the Government of Quebec .. . . . | 347,420           |
| From Municipalities .. . . .           | 15,000            |
| <b>Total .. . . .</b>                  | <b>\$ 650,356</b> |

So that on Mr. Schreiber's estimate the company would have expended of its own money when the road was completed \$884,644.

#### MR. GREENSHIELD'S HUGE PROFIT.

The profits of the company under the contract made with Mr. Blair would therefore be on the Government's own estimate as follows:—

|                                               |                     |
|-----------------------------------------------|---------------------|
| To be paid by the Government .. . . .         | \$ 2,094,192        |
| Received in subsidies .. . . .                | 650,356             |
| <b>Total received by the Company .. . . .</b> | <b>\$ 2,744,548</b> |
| <b>Cost of the road .. . . .</b>              | <b>1,535,000</b>    |
| <b>Balance of profit .. . . .</b>             | <b>\$ 1,209,548</b> |

This is a pretty large profit and it is interesting to know who was the lucky man destined to obtain it. When the agreement was made Mr. J. N. Greenshields owned \$130,000 of stock out of a total capital of \$400,000. This stock had cost him just \$24,000. (See report of Drummond County Railway enquiry, page 128.)

The profits on this portion of the stock held by Mr. Greenshields would have been 13-40 of the whole \$1,209,548, or \$393,103, which is a pretty handsome dividend on the \$24,000 investment.

After making the agreement with Mr. Blair, Mr. Greenshields bought at par a little over another third of the capital, so that in the end he owned two-thirds of the railway, and stood to make two-thirds of the profits, or over \$800,000, in addition to what he made by buying the stock for less than its face value, as the company claimed that the

original capital had all been paid up and formed part of the cost of the road.

The commercial value of the railway at the time of the purchase was clearly not more than the cost, less the subsidy. If it had been otherwise the stockholders would not have been willing to give Mr. Greenshields their stock at the price he paid. Besides it was shown that other options had been offered on an equally low basis and had been refused.

Mr. J. N. Greenshields, who was the largest owner and the president of the road, negotiated the sale with Mr. Blair. He also had interviews with Mr. Tarte with whom he was on intimate terms. Mr. Greenshields has been one of the most active organizers of the Liberal party in Quebec Province and a useful man in election campaigns. He was Mr. Tarte's legal adviser both in his political litigation and in other matters.

#### MR. TARTE AND MR. GREENSHIELDS.

This brings us to an interesting episode. While the Drummond Railway negotiations were going on Mr. Tarte was carrying out his idea of obtaining a political organ for himself and his party. *La Patrie* newspaper was in the market and Mr. Tarte had two sons whom he wished to establish over the proposed organ. Mr. Greenshields assisted Mr. Tarte to purchase *La Patrie*. He acted as solicitor in the transaction, and advanced his own cheque for \$20,000 of the purchase money, endorsing the note of Mr. Tarte and his sons for the balance of the cost price. Mr. Greenshields testified to the committee that the sum so advanced was afterwards repaid. The transaction took place after the negotiations for the sale of the Drummond Railway had begun and before they were completed.

A remarkable incident in connection with the purchase of the newspaper is the conflicting statements made by Mr. Tarte concerning it. When the subject of the purchase of the paper and of the railway was first discussed in Parliament Mr. Tarte indignantly denied that Mr. Greenshields had made any advance of money or credit of his own. He declared in the House: (Hansard, 1897, page 5302.)

"They speak of a cheque which Mr. Greenshields gave. There is no secret about it. Mr. Greenshields had a cheque in his hands, not of his own money, but of the money of the party, and he paid that cheque."

This appeared to be a conclusive statement. But it was contradicted by Mr. Greenshields and by Mr. Tarte himself a year later on oath before the Drummond Committee. It was proved that Mr. Greenshields furnished his own cheque for the purchase of the paper. When Mr. Borden asked Mr. Tarte to explain the contradiction between his statements on oath and his declaration in the House, Mr. Tarte said:—

"My answer is that I did not think proper to say anything in the House then, because Parliament was just closing, and I knew right well that if I had said that Mr. Greenshields had given his own cheque, and it was paid the next day, the Tory press would have lied just as much as they would have been able to do."

Mr. Tarte has a peculiar way of preventing the Tory press from

lying. But when he was about to make his statement in Parliament he gave every assurance that he was himself telling the truth. He said:—

“I will state frankly what took place, and I say again let an enquiry under oath take place, and if my statements are not true I will go into private life a disgraced man.”

When Mr. Tarte made this kind offer he probably did not foresee the enquiry of 1898, or anticipate the kind of evidence he was to give in that investigation.

#### WHAT THE SENATE ACCOMPLISHED.

But in spite of the generous intentions of Mr. Blair and Mr. Tarte, Mr. Greenshields and his associates did not make their \$1,209,548. The Drummond County bill was forced through the House of Commons by a party majority, but the Senate gave it the six months' hoist and so held it over for a year.

In the next session Mr. Blair himself vindicated the Senate's action by coming down with a new proposition. This time it was proposed to pay not \$64,000 a year, amounting as the Government's own officer testified to \$2,094,192, but a capital sum of \$1,600,000.

In addition it was provided that deductions should be made to bring the road up to a higher standard than was first required. These deductions were estimated by Mr. Blair's officer at \$65,795, making the actual payment \$1,534,205. Here then is the statement of the amount gained by the rejection of Mr. Blair's first agreement:—

|                                                    |              |
|----------------------------------------------------|--------------|
| Amount which Mr. Blair agreed to pay in 1897 .. .. | \$2,094,192  |
| Amount which was paid by the agree-                |              |
| ment of 1898 .. .. .                               | \$ 1,600,000 |
| Less for improvements .. .. .                      | 65,795       |
|                                                    | <hr/>        |
|                                                    | \$1,534,205  |
| Saving .. .. .                                     | \$ 559,987   |

#### STILL THEY MAKE \$600,000.

Though this revised agreement swept away more than half a million of the profits intended for Mr. Greenshields and his associates, it still left them over \$600,000 of net profit. On the 1,300 shares of stock which cost Mr. Greenshields \$24,000, he has still a net profit of \$180,000, besides what he made by buying below par. This is a profit of some 650 per cent. The original agreement would have given him \$175,000 more on that half of his holding.

When the Senate held up the Drummond deal it was threatened in many ways, especially by Mr. Tarte's organ and chief supporters. After the second bargain was made which, bad as it was, was a great improvement on the old one, it had to be admitted that the Senate had done its duty in rejecting the first bill, though it may not have done so well in accepting the second.

#### THE GRAND TRUNK RAILWAY AGREEMENT.

The other part of the Intercolonial extension programme was the bargain with the Grand Trunk Railway Company. The shrewd

managers of that line obtained a contract which was eminently satisfactory to the Grand Trunk shareholders, and was commended by the president of the company as a profitable transaction. Mr. Blair agreed to pay the Grand Trunk \$146,000 a year as follows:

|                                                                                                  |                   |
|--------------------------------------------------------------------------------------------------|-------------------|
| For the use in common with the Grand Trunk of the railway from Ste. Rosalie to St. Lambert .. .. | \$ 37,500         |
| For the use of the Victoria Bridge .. ..                                                         | 40,000            |
| For the use of the Montreal terminus .. ..                                                       | 62,500            |
| For the use of the Chaudiere Branch .. ..                                                        | 6,000             |
| <b>Total .. ..</b>                                                                               | <b>\$ 146,000</b> |

The last item was paid to the Drummond County Railway for the benefit of the Grand Trunk. These were annual payments for a period of 99 years.

### A ONE-SIDED BARGAIN.

The rental for the railway and the terminals was made up by assuming that the Dominion Government should pay interest at 5 per cent. on half the cost of the property. That is to say, the Dominion should pay to the Grand Trunk 5 per cent., when it was borrowing in London at  $2\frac{1}{2}$ , or allowing for discounts, at  $2\frac{3}{4}$ . The Government agreed to pay half the cost for the road used jointly with the Grand Trunk, though the Grand Trunk Company has more than three times as much traffic as the Intercolonial, as is shown by returns brought down in the House. (Hansard, 1899, page 4683.)

Again the Government in fixing the rental allowed the Grand Trunk a cost of over \$45,000 a mile for the line from Ste. Rosalie to St. Lambert over a level country.

The Dominion Government not only gave \$40,000 a year for the use of the Victoria Bridge in common with the Grand Trunk Railway, but gave the company a subsidy of \$300,000 toward the cost of a new superstructure while it was proved that the Canadian Pacific Railway bridge over the St. Lawrence at Montreal cost less than a million dollars. It will be seen that the interest on the whole cost of the C.P.R. bridge is less than the Government pays for one-quarter of the use of the Grand Trunk bridge, after paying a \$300,000 subsidy to the company for building it.

The Government agreed to pay a share of the cost of maintenance of the road, bridge and terminus in proportion to its share of the traffic. But in case extensions, improvements or double-tracking were required the Government agreed to pay five per cent, not on its proportion of the cost, but on half the cost. This latter clause allowed the company double the Government rate of interest, though the Government shared equally in a burden of which the company got three-fourths of the benefit.

It was a great bargain for the Grand Trunk. That company had as much use of the property as before, got all this rental free and at the same time obtained other conditions which turned over to the Grand Trunk all the traffic that the Government could control. The shrewdness of the company in making these terms is much to the credit of its officers, but Mr. Blair seems to have been badly victimized.

Fortunately the Senate, much against the Minister's will, helped him partially out of the difficulty.

#### SENATE AGAIN TO THE RESCUE.

For the Senate held up this contract also, and next year Mr. Blair once more vindicated the Senate's action by coming down with a new and vastly improved contract.

In the first place the Grand Trunk gave up entirely their \$6,000 a year which which was to have been paid for the use of the Chaudiere branch. This is a saving amounting to a capital sum of over \$200,000.

Secondly, the company changed the rate of interest to be paid in respect of betterments to four per cent. instead of five, giving the Government an option to pay cash instead of interest, which means that a three per cent. rate may be secured.

Thirdly, the share of the cost of betterments to be paid by the Government is to be in proportion to the relative amount of traffic, so that on the basis of the present business the Government pays not one-half but less than a quarter. On the four per cent. arrangement the Government charge will thus be one per cent. on the cost of betterments instead of two and a half per cent.

Fourthly, there was also a change in the traffic agreement which was greatly to the advantage of the Intercolonial.

#### THE AMOUNT SAVED.

It is impossible to compute exactly the value of these changes. It is estimated that in 20 years the cost of betterments may be \$2,000,000. Under the first agreement we should pay 5 per cent. on the half of that amount or \$50,000 a year for 79 years thereafter. Under the second agreement, on the basis of the present traffic, we shall at the most pay 4 per cent. on one-quarter of the cost or \$20,000 a year. Or if we choose to pay cash it will cost less than \$15,000 a year.

The cancellation of the Chaudiere rental is a clear gain of \$200,000. The change in the betterments agreement will probably save the country more than half a million in the next twenty years alone. The revision in the traffic agreement is the greatest gain of all.

On the whole, while the Senate by holding over Mr. Blair's Drummond bargain undoubtedly saved the country more than half a million dollars, it seems to have saved a very much larger sum, probably two or three times as much, by hoisting the Grand Trunk agreement.

And still both the Grand Trunk Company and Mr. Greenshields have got a wonderful bargain out of Mr. Blair and Mr. Tarte.

## CHAPTER XIII.

# THE CROW'S NEST RAILWAY.

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### A TWO MILLION DOLLAR DEAL.

What is known as the Crow's Nest Pass Railway is the line 330 miles long connecting the Canadian Pacific in the North-west, with the Kootenay country, and now extending to the Boundary District. The late Conservative Government saw the importance of establishing connection with the gold fields by a second line through the Rockies and recognized that the Canadian Pacific Railway could work the system to the advantage of the country.

### THE BUSINESS POLICY.

It was therefore proposed that an arrangement be made between the Government and the company on the basis of a subsidy of \$5,000 a mile and that this would be supplemented by a loan of \$20,000 per mile. This loan which was to be secured on all the properties of the company, was to be repaid in 20 years at three and a half per cent. interest. As the C.P.R. has never failed to meet its obligations to the Government or to its creditors, and as its property is good security for many times the \$6,600,000 of this loan, the advance was a perfectly safe investment. In fact the Government stood to make three-quarters of one per cent. gain out of it, since it could borrow for two and three-quarters per cent. Assuming that the Government paid three per cent., an actuarial calculation shows that the present value of the annual amount saved by the difference in interest would be \$493,613.

But if no account is taken of this, it will be seen that the only subsidy to be paid was the \$5,000 a mile, amounting to \$1,650,000.

### THE "BUSINESS IS BUSINESS" POLICY.

The Laurier Government came into power and refused to carry out this arrangement. Mr. Blair visited the Kootenay and intimated the probability that the road would be constructed as a Government work. This programme was changed. Two of the directors of the Globe newspaper, men of great influence in the party, were allowed a substantial interest in the charter given by the Province of British Columbia, together with a subsidy of 20,000 acres of land per mile, including the Crow's Nest coal fields. An arrangement was made between these fortunate individuals and their associates, with the Canadian Pacific Railway for the transfer of the charter to that company. The matter then stood in such a way that if these capitalists could transfer the obligations of constructing the road to the Canadian Pacific Railway, and keep the larger part of the coal land subsidy for themselves, without any obligation, they would make some millions of dollars. This could be accomplished if the Dominion Government

would offer a sufficient subsidy to induce the Canadian Pacific Company to build the road without receiving the coal lands.

Thereupon the Toronto Globe began an energetic campaign for the construction of the Crow's Nest Pass Railway. It showed the necessity of the road to the Kootenay silver and gold fields, pointed out the advantages to the eastern producers, and day after day appealed to the Government to take action.

#### **COST THE COUNTRY TWO MILLION.**

In due time the scheme was prepared and in the session of 1898 Mr. Blair brought it forward. Instead of the subsidy of \$5,000 a mile, or \$1,650,000, he proposed to pay \$11,000 a mile or \$3,630,000. This is \$1,980,000 more than was to be paid under the old arrangement, and more than would have been necessary, if the coal fields had gone to the railway company. For the additional expenditure of nearly \$2,000,000 the people of Canada get nothing. The Minister of Railways indeed claimed that the terms of the arrangement gave the Government power to fix the rate of freight on the proposed line, but he himself a year later set aside this claim. He then declared to the House that it was necessary to give a foreign company a charter to build another road into the Boundary District from the United States, in order to break down the monopoly of the C.P.R. and give the people fair freight rates, thus admitting that the Crow's Nest contract gave him no effective control over those rates.

It was also claimed by the Government that the contract provided for a general reduction of rates by the C.P.R. on all its traffic between the North-west and the Eastern Provinces. This claim is not sustained by the facts. The Canadian Pacific has, for commercial reasons alone, reduced the rates on west-bound traffic more than the agreement called for. As to the east-bound grain traffic the reduction since 1896, notwithstanding the agreement, has been only three cents per hundred pounds. In the six years between 1887 and 1893 the rate had been reduced eleven cents per hundred pounds. Before 1887 the average rate was thirty cents; in that year it was reduced to twenty-four; in 1890 to twenty-two, and in 1893 to nineteen cents. During the last seven years the rate has been reduced to sixteen cents. Every reduction claimed by the Minister as the price of this enormous concession would certainly have been made under ordinary conditions, and it appears that the approval obtained from the Minister of the rates established by the agreement, has prevented the company from making further concessions as rapidly as would otherwise have been done.

The Canadian Pacific Company which built the road did not get the coal lands which the Province of British Columbia had given for its construction. The Toronto capitalists and their associates who never built a mile of road, got the 250,000 acres of coal fields in the Crow's Nest, of which 50,000 acres were made over to the Dominion Government.

It is understood that the middle-men have made over a million dollars out of the transaction, taking Crow's Nest stock at the current price.

## CHAPTER XIV.

# THE YUKON RAILWAY DEAL.

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### A KINGDOM FOR A TRAMWAY.

In the session of 1898 Mr. Blair brought in a bill for the construction of a narrow gauge railway with light rails, or practically a tramway, extending along the Stikine River for the nominal purpose of affording access into the Yukon country.

To get access to the proposed road itself it was necessary to ascend the Stikine River for 150 miles, and as it is a rapid stream and practically unnavigable for ordinary craft, this would be a heavy contract. At the other end of the line was Teslin Lake with many dangers between the railway terminus and the Yukon River. For the construction of this line of tramway, the Government, through Mr. Sifton made an astonishing bargain with Messrs. Mackenzie and Mann, two enterprising capitalists, who were closely associated by previous transactions with the Minister of the Interior. Mr. Sifton agreed to give these gentlemen 25,000 acres of gold lands, to be selected by themselves in the Yukon, for every mile of this tramway which they should construct. The estimated length of the line was 150 miles, but subsequent surveys indicate that it would have been nearer 200 miles. By the original estimate Mackenzie and Mann would have received 3,750,000 acres or about 6,000 square miles of gold lands. This would have given them one-half of all the gold fields likely to be discovered in that country for a century to come, for it is not probable that there are 12,000 square miles of gold areas of paying quality on this continent.

Not only were the contractors to have these lands, but they were to have them with immensely better conditions than the genuine miners or purchasers of such land in the Yukon. The miners pay ten per cent. royalty on gold after they have bought or leased their claims. Mackenzie and Mann were to pay only one-quarter the regular royalty, so that their alternate sections would be immensely more valuable in the market than the sections held by private individuals which were paid for in hard cash.

### THE DEAL IN PARLIAMENT.

Such was the astonishing contract that the House of Commons was asked to ratify. It is to the credit of several members of the Government party that they refused to vote for it, while many who did vote for it went to their friends in the Senate and begged them to throw out the bill. Mr. Sifton assumed the burden of the defence of

the contract for which he was chiefly responsible, and in the Senate Mr. Mills pleaded strongly for the measure. They urged that if the road was not built there would be riots and famine and all manner of terrible things in the Yukon. They threatened that the country would hold the Conservative party responsible for the awful consequences of depriving Mackenzie and Mann of the kingdom which was assigned to them under the contract. The Senate, however, took the responsibility and rejected the bill.

#### THE HAPPY RESULT.

None of the awful consequences have occurred. There have been no riots in the Yukon. No human being except the two contractors, and those with whom they might have shared their gains, has suffered. Another railway has been constructed by a shorter, easier and more direct route into the Yukon. This railway is reached without river navigation, and strikes the Yukon much farther down than Teslin Lake. If the two roads were competitors to-day, not one miner in ten thousand would go by McKenzie and Mann's road.

The White Pass road has been built without a dollar of subsidy or an acre of land from the Government of Canada. It is as free from foreign interference as the Stikine Railway would have been, controlled as the latter was by the United States authorities at the mouth of the Stikine. The ocean terminus of both railways is in disputed territory.

The same Government which tried to obtain the control of the Yukon gold fields for Mackenzie and Mann, refused in the same year a charter to still another company which desired to build a railway without subsidy into the Yukon from Pyramid Harbour. It asked Parliament, as a part of the contract with Mackenzie and Mann, to refuse to allow any other railway to be chartered into the Yukon for five years.

By the defeat of this remarkable measure the working miners and private investors in the Yukon have access to the gold fields that would have gone to Mr. Sifton's friends. The country gets ten per cent. instead of two and a half per cent. royalty from the gold lands. In every way the country has been an immense gainer by the action of the Senate, and the defeat of Mr. Sifton's Yukon Railway Bill is now accepted by both parties as a happy escape for the country. No Minister has ever dared to suggest a second measure of the kind. It would be impossible to get another such a bill accepted by the Government caucus, or by the House of Commons. But if Mr. Sifton and the other Ministers had prevailed, the measure would have been law and the contractors would have owned the Yukon.

# APPENDIX.

## EXPENDITURES.

### EXPENDITURE ON CONSOLIDATED FUND ACCOUNT AND TOTAL EXPENDITURE.

|                                    | Cons. Fund.  | Total.       |
|------------------------------------|--------------|--------------|
| 1887-1891 (average) .. .. .        | \$36,326,821 | \$42,530,000 |
| 1892 .. .. .                       | 36,765,894   | 42,272,136   |
| 1893 .. .. .                       | 36,814,052   | 40,853,727   |
| 1894 .. .. .                       | 37,585,025   | 43,008,233   |
| 1895 .. .. .                       | 38,132,005   | 42,872,338   |
| 1896 .. .. .                       | 36,949,142   | 41,702,383   |
| 1892 to 1896 (average) .. .. .     | 37,249,223   | 42,141,763   |
| 1897 .. .. .                       | 38,349,759   | 42,972,755   |
| 1898 .. .. .                       | 38,832,525   | 45,334,281   |
| 1899 .. .. .                       | 41,903,500   | 51,542,635   |
| Increase of 1899 over 1896 .. .. . | 4,954,358    | 9,840,252    |

The excess of total expenditure by the present Government in 1899 over the average expenditure by the late Government is as follows:—

|                                                   |            |
|---------------------------------------------------|------------|
| In 1897 .. .. .                                   | \$ 830,992 |
| In 1898 .. .. .                                   | 3,192,518  |
| In 1899 .. .. .                                   | 9,400,872  |
| In 1900 (by estimate of Finance Minister) .. .. . | 10,908,255 |

### TOTAL PER CAPITA EXPENDITURE.

|                                 |        |
|---------------------------------|--------|
| 1892 to 1895 .. .. .            | \$8 41 |
| 1896 .. .. .                    | 8 14   |
| 1897 .. .. .                    | 8 28   |
| 1898 .. .. .                    | 8 63   |
| 1899 .. .. .                    | 9 72   |
| Increase 1899 over 1896 .. .. . | 1 58   |
| Or for each family .. .. .      | 7 90   |

The total expenditure for 1896 in the first table is obtained by subtracting from the capital expenditure as given in the Public Accounts, the sum of \$2,394,000, which was legalized as subsidy capital in 1884, whereon five per cent. interest was to be paid thereafter as annual subsidy to the Quebec Government for the North Shore Railway. It appears simply as a matter of book-keeping in 1896, and was not paid then nor since.

### ORDINARY EXPENDITURE INCREASES.

|                                           | 1895-6               | 1898-9              | Increases          | P.C. of Increase |
|-------------------------------------------|----------------------|---------------------|--------------------|------------------|
| Interest on Debt .. . . .                 | \$10,502,000         | \$10,855,000        | \$353,000          | 3½               |
| Administration of Justice .. . . .        | 758,000              | 815,000             | 57,000             | 7½               |
| Arts, Agriculture and Statistics .. . . . | 210,000              | 258,000             | 48,000             | 22½              |
| Civil Government .. . . .                 | 1,396,000            | 1,411,000           | 15,000             | 1¼               |
| Geological Survey .. . . .                | 134,000              | 149,000             | 15,000             | 12               |
| Immigration .. . . .                      | 120,000              | 255,000             | 135,000            | 110              |
| Quarantine .. . . .                       | 95,000               | 136,000             | 41,000             | 42               |
| Indians .. . . .                          | 880,000              | 986,000             | 106,000            | 12               |
| Lighthouse and Coast Service .. . . .     | 466,000              | 545,000             | 79,000             | 16               |
| Mail Subsidies .. . . .                   | 534,916              | 584,056             | 50,000             | 9                |
| Militia and Defence .. . . .              | 1,136,000            | 2,112,291           | 976,000            | 90               |
| Miscellaneous .. . . .                    | 172,000              | 318,000             | 146,000            | 84               |
| Ocean and River Service .. . . .          | 181,000              | 330,000             | 149,000            | 80               |
| Penitentiaries .. . . .                   | 385,000              | 417,000             | 32,000             | 8½               |
| Pensions .. . . .                         | 86,000               | 96,000              | 10,000             | 12               |
| Public Works .. . . .                     | 1,299,000            | 1,902,000           | 603,000            | 50               |
| Railways and Canals (Revenue) .. . . .    | 126,000              | 384,000             | 258,000            | 200              |
| Superannuation .. . . .                   | 311,000              | 325,000             | 14,000             | 4½               |
| Customs .. . . .                          | 896,000              | 1,037,000           | 141,000            | 16               |
| Railways and Canals .. . . .              | 3,826,000            | 4,246,000           | 420,000            | 11               |
| Trade and Commerce .. . . .               | 9,000                | 88,000              | 79,000             | 800              |
| <b>Total .. . . .</b>                     | <b>\$360,900,000</b> | <b>\$41,900,000</b> | <b>\$5,000,000</b> | <b>14</b>        |

The above shows increases in nearly every branch of public expenditure which is under Government control. There are a few decreases, but the net increase is as shown in the table above.

### TAXATION.

#### VOLUME OF REVENUE AND TAXATION.

(Page XXX., Public Accounts.)

|                                     | Taxes.        | Total Revenue. |
|-------------------------------------|---------------|----------------|
| 1889-1890 .. . . .                  | \$ 31,587,071 | \$ 39,879,925  |
| 1890-1891 .. . . .                  | 30,314,151    | 38,579,319     |
| 1891-1892 .. . . .                  | 28,446,157    | 36,921,871     |
| 1892-1893 .. . . .                  | 29,321,367    | 38,168,608     |
| 1893-1894 .. . . .                  | 27,579,203    | 36,374,693     |
| 1894-1895 .. . . .                  | 25,446,198    | 33,978,129     |
| 1895-1896 .. . . .                  | 27,759,285    | 36,618,590     |
| 1896-1897 .. . . .                  | 28,648,626    | 37,829,778     |
| 1897-1898 .. . . .                  | 29,576,455    | 40,555,238     |
| 1898-1899 .. . . .                  | 34,958,069    | 46,741,249     |
| Reduction for 1890 to 1895 .. . . . | 6,140,873     | 5,901,796      |
| Increase for 1896 to 1899 .. . . .  | 7,198,784     | 10,122,659     |

#### TAXATION PER HEAD.

|                                | Customs. | Excise. |
|--------------------------------|----------|---------|
| 1890 .. . . .                  | \$ 5.01  | \$ 1.59 |
| 1892-1896 .. . . .             | 3.95     | 1.63    |
| 1896 .. . . .                  | 3.94     | 1.54    |
| 1897 .. . . .                  | 3.83     | 1.77    |
| 1898 .. . . .                  | 4.22     | 1.50    |
| 1899 .. . . .                  | 4.84     | 1.80    |
| Decrease 1890 to 1896 .. . . . | 1.07     | .05     |
| Increase 1896 to 1899 .. . . . | .90      | .26     |

## AVERAGE RATE OF DUTY.

Average rate of duty on all goods, dutiable and free, imported for consumption in Canada—Ascertained by dividing the value of such imports into the amount of duty received.

### TARIFF RATES ON DUTIABLE AND FREE GOODS ENTERED FOR HOME CONSUMPTION.

|                             |                  |
|-----------------------------|------------------|
| 1889                        | 21.65 p.c.       |
| 1890                        | 21.21 p.c.       |
| 1891                        | 20.06 p.c.       |
| 1892                        | 17.56 p.c.       |
| 1893                        | 17.38 p.c.       |
| 1894                        | 17.13 p.c.       |
| 1895                        | 16.99 p.c.       |
| Reduction from 1889 to 1895 | 4.66 p.c.        |
| 1896                        | 18.28 p.c.       |
| 1897                        | 17.87 p.c.       |
| 1898                        | 16.95 p.c.       |
| 1899                        | 16.70 p.c.       |
| 1899 (revised)              | 17.33 p.c.       |
| Reduction from 1896 to 1899 | .95 p.c.         |
| 1892 to 1896 (average)      | 17.47 p.c.       |
| 1899                        | 17.33 p.c.       |
| Reduction                   | 14-100 of 1 p.c. |

NOTE—The revision for 1899 consists in subtracting from the total imports over \$6,000,000 worth of free corn which appears in the Trade and Navigation tables as entered for consumption, but which simply passed through Canada from the United States for export to Europe. In previous years, when corn for home consumption was dutiable, that which passed through Canada for export, was shipped in bond and did not appear in the tables as imports for consumption. The correction reduces the divisor by so much and makes the percentage 17.33, instead of 16.70 as stated in the tables.

## EXPORTS OF HOME PRODUCE.

### To Great Britain and Other Countries.

|                     | 1896          | 1899          | P.C.<br>Increase |
|---------------------|---------------|---------------|------------------|
| Great Britain       | \$ 62,717,941 | \$ 85,113,681 | 35               |
| Argentina           | 431,097       | 646,070       | 49               |
| Belgium             | 95,328        | 445,667       | 370              |
| Hawaii              | 31,876        | 185,096       | 500              |
| France              | 573,835       | 1,551,909     | 170              |
| Germany             | 606,919       | 1,310,373     | 115              |
| Holland             | 62,440        | 176,347       | 180              |
| Italy               | 56,759        | 125,265       | 120              |
| Japan               | 8,148         | 133,139       | 1,500            |
| Norway and Sweden   | 41,262        | 120,244       | 190              |
| British West Indies | 1,627,388     | 1,725,321     | 6                |
| Spanish West Indies | 978,589       | 1,187,661     | 21               |
| United States       | 34,460,428    | 34,766,995    | ..               |
| To all countries    | \$109,707,805 | \$137,360,792 | 24               |

## BRITISH IMPORTS FROM THE UNITED STATES.

It has been claimed that as a result of the preference Great Britain bought 35 per cent. more Canadian produce in 1899 than in

1896. The following statement shows the increase of British purchases from the United States in 1899 over 1895:—

**AGRICULTURAL PRODUCTS IMPORTED INTO GREAT BRITAIN FROM  
THE UNITED STATES, 1895-1899.**

|                           | 1895.       | 1899.       | P.C.<br>Increase. |
|---------------------------|-------------|-------------|-------------------|
| Hams and bacon .. .. lbs. | 452,199,328 | 662,201,232 | 45                |
| Beef, fresh .. .. lbs.    | 232,360,128 | 308,761,152 | 33½               |
| Pork, fresh .. .. lbs.    | 967,456     | 31,004,848  | 3,000             |
| Other meats .. .. lbs.    | 15,246,784  | 21,708,288  | 40                |
| Lard .. .. lbs.           | 180,109,104 | 232,014,384 | 25                |
| Butter .. .. lbs.         | 15,853,936  | 17,823,344  | 14                |
| Eggs .. .. doz.           | 477,030     | 1,941,050   | 400               |
| Wheat .. .. bush.         | 57,297,150  | 64,681,209  | 12                |
| Oats .. ..                | 14,996,470  | 23,296,000  | 60                |
| Corn .. ..                | 54,854,600  | 78,920,800  | 45                |

## A FEW QUOTATIONS.

### CONCERNING ECONOMY.

Sir Wilfrid Laurier in Toronto:—

"If we get into power we will follow the example of Mr. Mackenzie; and I will say that, although we may not be able to bring the expenditures to what they were under him, we can reduce the amount two, yes, three millions of dollars per year."

Hon. William Mulock, in 1895:—

"Who can justify the expenditure of our country to-day? It cannot be justified by the wealth of the country. There is nothing to warrant this enormous expenditure of nearly \$38,000,000 except the fact that we are burdened down with debt and with office-holders, great and small."

Mr. Paterson, in 1890:—

"We are taking \$6,115,000 more in taxes out of the people than we should, and we spend \$7,571,000 more than we should. An era of economy in expenditure should be at once entered upon."

Hon. David Mills:—

"I say that a Government is not entitled to have a surplus. There is no stimulus to economy when a large surplus remains in the hands of the Government. A large surplus invites to extravagance, and has invited to extravagance in this country. The Government and Parliament of this country should inaugurate a system of economy."

Mr. John Charlton, 1893:—

"The Liberal party, if in power, could at once reduce the public expenditure and effect other savings to the extent of five million dollars per annum, without impairing the efficiency of the service."

Hon. David Mills, 1889:—

"I have no doubt at all that the efficiency of the public service might be increased and the expenditure reduced by almost one-half."

Sir Louis Davies, 1893:—

"The Liberal party says that several millions may be lopped off the present expenditure, without injury to the public service."

Sir Richard Cartwright:—

"For my own part, I do not hesitate to tell him that I consider a yearly expenditure of forty million dollars, or thirty-eight million dollars, altogether too large for the present resources of Canada. I say that it is a disgrace and a shame to the Government that have been entrusted with our affairs that they come down to us and ask for an expenditure of \$38,300,000 a year for federal purposes. Sir, the thing is utterly unjustifiable."

NOTE—The current expenditure of 1899 was \$41,903,502. The estimate of Mr. Fielding for 1900 is \$43,350,000.

#### CONCERNING PROTECTION.

Sir Wilfrid Laurier:—

"Our policy is the removal of every vestige of protection. This is our goal which we will ultimately reach, but the Government cannot do it at once. It will have to be done gradually step by step, and I pledge you my word that in the end it will be done."

Sir Wilfrid Laurier, Ottawa Convention:—

"Mr. Chairman and gentlemen, I submit to your judgment that the servile copy of the American system which has been brought amongst us by the Conservatives, is, like its prototype, a fraud and a robbery, and I call upon you, one and all, to pronounce at once, and give your emphatic support to the proposition that we shall never rest until we have wiped away from our system that fraud and robbery under which Canadians suffer."

Sir Wilfrid Laurier, at Newmarket:—

"I will not be satisfied until the last vestige of protection has been removed from the soil of Canada. Our great reform is to put away from the soil of Canada the last vestige of protection."

Sir Wilfrid Laurier, at Toronto:—

"Call it protection, call it feudalism, call it slavery, I care not, it is the same thing. It differs only in degree, it is bondage."

Sir Richard Cartwright:—

"I say our protective system was a huge mistake, in so far as it was not honest, it was a huge scheme of robbery."

Sir Richard Cartwright:—

"I stand by the declaration I have made, that protection is nothing more nor less than a demeritate, legalized and organized robbery; and, more than that, if you do not stamp it out it is the very high road to political slavery first, and industrial slavery afterwards."

Sir Richard Cartwright:—

"Our policy from first to last has been to destroy the villainous system of protection by free trade, a revenue tariff, or continental free trade."

#### CONCERNING RECIPROCITY.

Sir Wilfrid Laurier:—

"This (the Liberal policy) involves that we should offer to the American nation what is denied to the rest of the world. So it does, and it is a cause of bitter reproach to us by the Conservative party, who charge us with disloyalty to England."

Sir Louis Davies:—

"One gentleman opposite says that this will discriminate against Great Britain. Necessarily, it must to some extent, but we cannot help that; in fact, we have the right to discriminate."

Sir Richard Cartwright:—

"But what is even of more immediate consequence, we propose to obtain for you the power to trade freely with the rest of the continent; to have leave to make the best use you can of your great natural advantages, which can only be done by full, free and unrestricted reciprocity with our kinsmen in the United States. The fact is plain, and clear, and simple, the best market for the articles you produce—not by the decree of men, but by the decree of the Almighty—lies in the country which extends to the south of you, separated generally by a merely imaginary line along the 3,000 miles of our southern border, reaching from that line almost to the equator. There is your market, there is the market you have the natural advantages to enable you to compete for. I deliberately tell you that the market of the United States is absolutely and exactly worth all the rest of the world to us, situated as we now are."

Sir Richard Cartwright, (report of a meeting at Oshawa, Feb. 10, 1891):—

"C. W. Scott asked: 'Does the Liberal party favour discrimination against Great Britain by admitting American manufactures free and taxing the manufactures of Great Britain?'"

"Sir Richard Cartwright replied: 'Certainly we do.'"

#### NUMBER OF MINISTERS.

Pages might be filled with quotations from Sir Wilfrid Laurier, Sir Richard Cartwright, Mr. Mulock and other Liberal leaders now in office, demanding a reduction in the number of paid Cabinet Ministers. The following from Sir Richard Cartwright is a fair sample:—

"Now, I believe that the services of this Government will be infinitely better conducted if we had seven Cabinet Ministers and a moderate number of junior officials to assist them. It does appear to be a monstrous piece of folly and extravagance that we should find it necessary to augment our number to seventeen. This is far too many, and is a dissatisfaction to the country."

The seventeen included Ministers without office.

On the 28th of March, 1900, Mr. Casgrain asked the following questions in the House:—

"1. Of how many members, with portfolio and salary, was the Government composed on June 23, 1896?"

"2. What was the aggregate yearly amount of the salaries of said members of the Government?"

The Finance Minister (Mr. Fielding) answered:—

"To the first question the answer is 14."

"To the second question the answer is \$95,000."

Mr. Casgrain followed this up with the following question:—

"1. Of how many members, with portfolio and salary, is the present Government composed?"

"2. What is the aggregate yearly amount of the salaries of said members of the Government?"

The Finance Minister answered:—

"To the first question the answer is 14."

"To the second question the answer is \$99,000."

The increase of \$4,000 is thus explained: In 1896 the Controllers of Customs and of Inland Revenue were members of the Cabinet and were paid \$5,000 each. Their duties are now performed by Ministers at \$7,000 each.

### OGILVIE'S INVESTIGATION.

In the chapter relating to the Yukon charges, it was stated that the scope of the enquiry was limited in time, and that the Miners' Committee did not consider that it gave them a chance to establish the facts.

Colonel McGregor was a representative of the miners, and the following dialogue is reported in the evidence:—

"COLONEL MCGREGOR—All I can say is that that order does not satisfy the committee.

"THE COMMISSIONER—I regret that as much as you do and perhaps more.

"MR. McDOUGAL—Can you be surprised that anyone cannot carry on a prosecution which commences say 25th February, before which no matters can be brought up which occurred after 25th August?

"THE COMMISSIONER—It may be surprising, but all I can say is I am quite as much surprised and disappointed as you are."

The following letter received from Commissioner Ogilvie to the Minister, whose department was on trial before him shows:

(a) That the miners refused to recognize the Commission with its restricted powers as a fair one.

(b) That Mr. Ogilvie himself admitted the necessity of extending the scope of enquiry.

(c) That Mr. Ogilvie did not approve of the favoritism shown by Commissioner Walsh.

(d) That Mr. Ogilvie did not enter upon this enquiry in a judicial frame of mind.

(a) "Commissioner's Office, Y.T., Dawson, Feb. 20th, 1899.

"Sir,—I regret to inform you that the Royal Commission for the investigation of charges against officials has, to an extent, fallen through.

"Mr. Armstrong, chairman of the Miners' Committee, who drew up the memorial which led to the issuance of the Commission, and Dr. McDougall, the secretary of the Committee, withdrew from the investigation when they learned that the scope of the Commission only included what occurred previous to the 25th August, the date of the memorial.

"I would have been quite willing to have gone on taking cognizance of everything up to date, but the question was raised and could not be avoided. There is no doubt from the wording of the document that only such things as were related to, or come within the scope of the memorial, could be investigated under the Commission. The "Nugget" newspaper, which has been advertising and publishing the corruption of the officials, that is the former officials, and publishing very wild statements with reference thereto, has also withdrawn on the same ground. This the public may take as an admission that they do not consider the charges very serious. They each submitted for investigation some seven or eight malfeasances of office, of which only one or two took place since the 25th of August. They may be perfectly honourable in their motive in withdrawing, but, when you recollect that there was a great deal which could be taken up and investigated within the scope of the Commission and that they have withdrawn, it looks like an admission that they were not very serious in drawing up the memorial.

"I do not wish to anticipate the report in any way but will simply state that as far as the investigation has gone, with the exception of an ignorant half-breed doorkeeper, they have not proven any fraud against any official.

"We are going on as fast as possible, but you can understand that it takes time to investigate these matters. The witnesses are reluctant to come forward and very often it is very difficult to find them. The charges that have already been made will be investigated, and any others that come to my

knowledge definitely enough to assume form, I will also investigate. I suppose you will feel adverse to granting another commission, but I do not think it would do any harm and possibly it might do a lot of good, and stop the mouths of a lot of disgruntled individuals here, if you would issue me another commission under Chap. 115, instead of Chap. 114, authorizing me to take cognizance of all charges against officials up to, say, the 1st of July next.

"No good might come of this, but it may be perhaps productive of one advantage, and that would be to forever stop the mouths of those who are now grumbling.

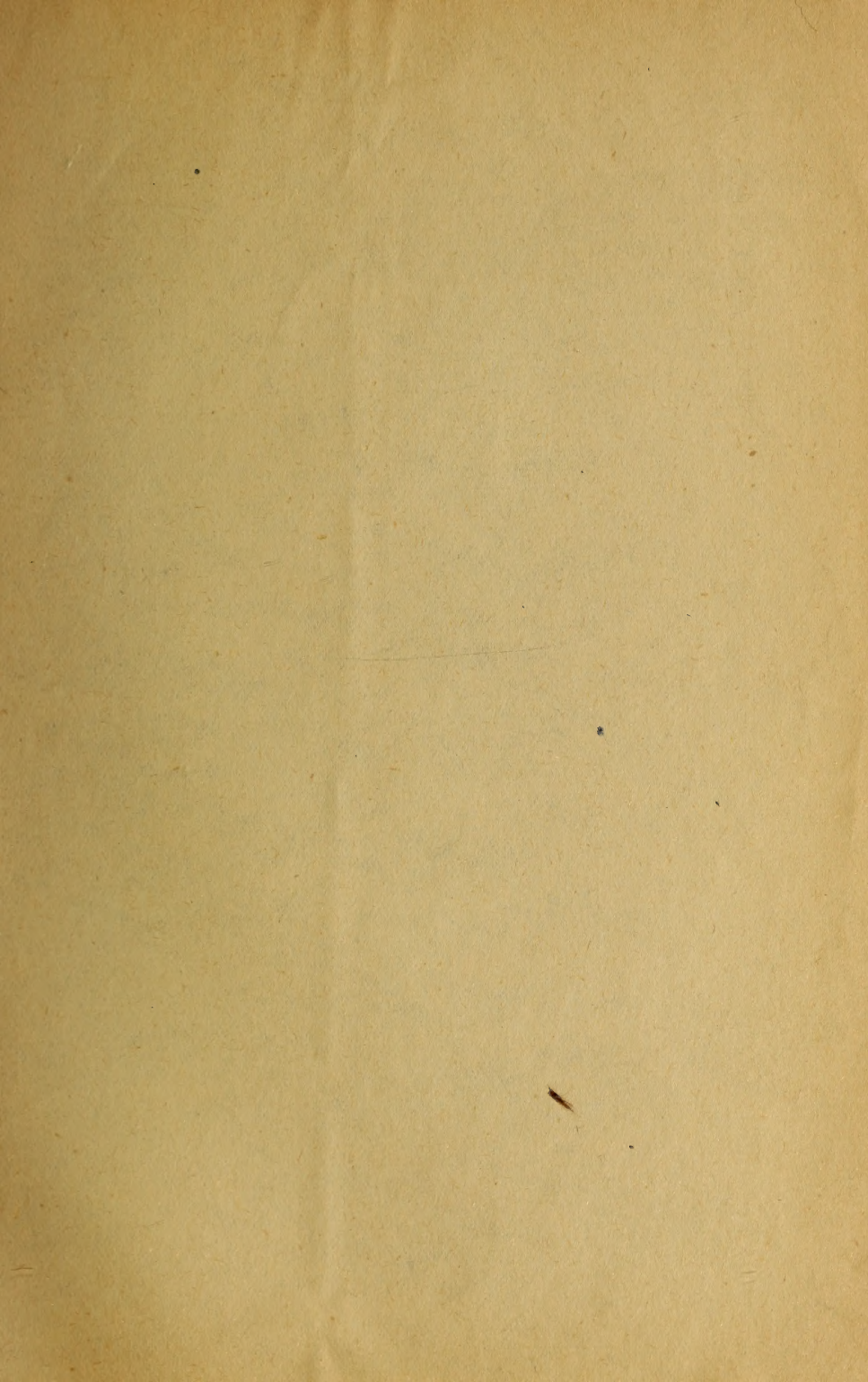
"You will probably see a copy of the 'Nugget' of last Saturday which treats of the affair in a most inflammatory and serious way. This sheet is run by Americans with an Englishman for editor. It appears these people have never had any newspaper experience heretofore and have not learned that many of the stories they hear are simply emanations of frenzied individuals who imagine that they have lost a fortune because they cannot get the claim they wish, or some similar idea. As fast as I can, I will prepare a report on each special charge and transmit it to you, summing up at conclusion the general report on the whole question.

"The question of the withholding of McDonald's royalty has been brought up and we will have to investigate it. At the same time, this matter is a serious one; McDonald presumably owed the Government some \$70,000 for royalty due, out of which only about \$2,000 was paid. Under ordinary circumstances the man would lose all his claims, but, as this was authorized by the late Commissioner, of course, McDonald could not be made to suffer for his acts; but it will have a very bad effect on the minds of the public when it becomes known that such was done.

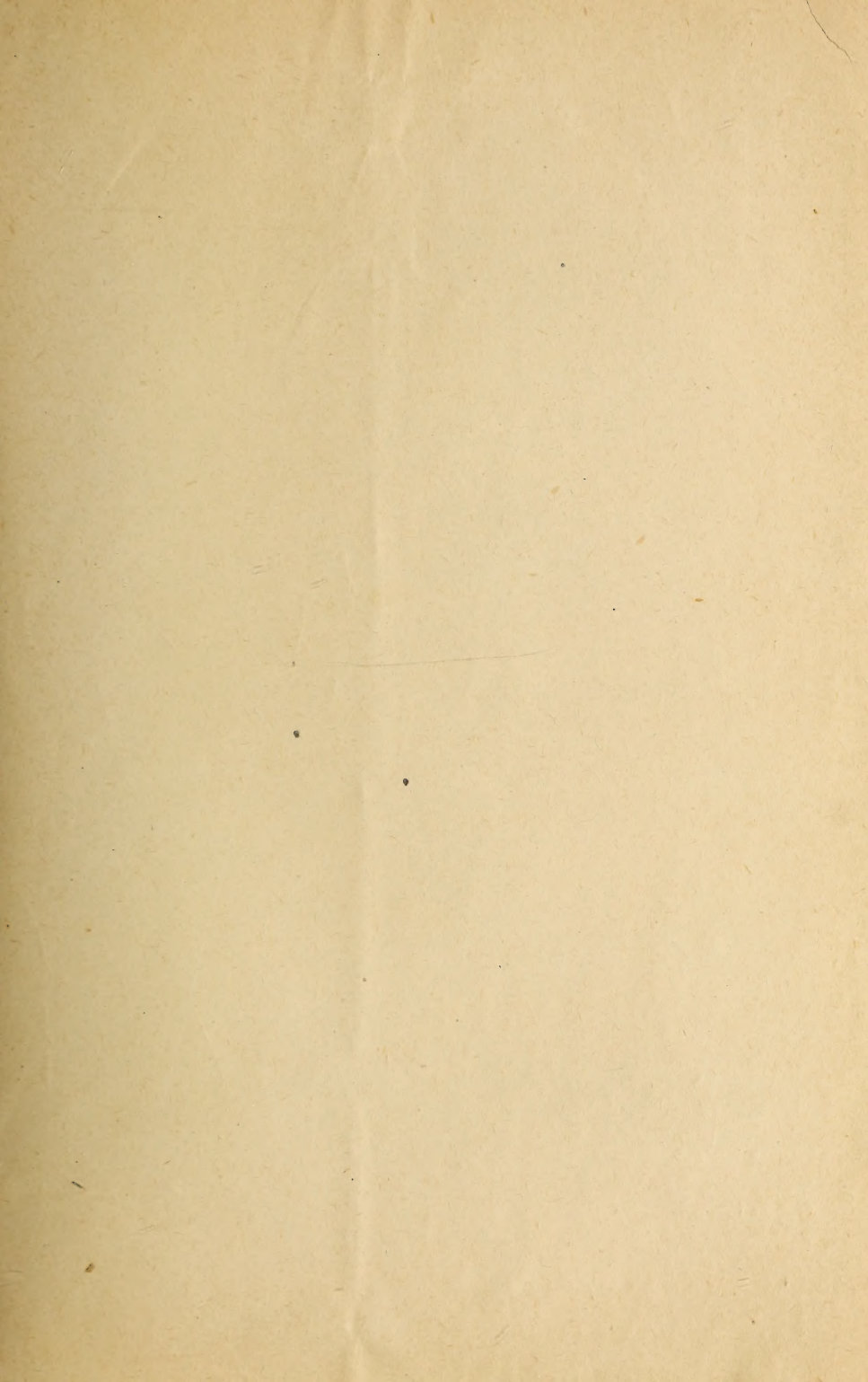
"If you can see your way clear to renewing the Commission and extending it, please do so at the earliest possible date. I think it would be politic to do it and I would urge you as far as lies in your power, to grant it for reasons I have above stated.

"I have the honour to be, sir, your obedient servant

"(Signed) WILLIAM OGILVIE, Commissioner."







WITH COMPLIMENTS OF  
The Hon. Sir ADOLPHE CARON  
K.C.M.G.